BOSTON UNIVERSITY

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THESIS

The Jewish Cooperative Movement in Palestine

by

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PREFACE

Palestine's economy, like that of any other country, was affected by World War II. Food shortages prevailed, particularly in the urban communities. To alleviate this situation, high school graduates were required by the Jewish Agency to spend one year on a collective farm. I, belonging to that category, acquired my first farming knowledge and experience in Ashdoth Yakov - one of the largest and richest communal settlements near the Lake of Galillee. It was there that my interest in the development of the cooperative movement was born, continued to grow, culminating in this thesis.

Both theoretical and practical data on the subject of cooperative movement is limited. The movement is young and only short surveys were written on its various phases. Hebrew pamphlets and publications are particularly helpful, for they deal with the Jewish angle of the movement.

Approaching different sources, I found that no writer studied the subject extensively and systematically. Cooperative activities are discussed as part of the entire economic life in Palestine, e.g. cooperative banks are dealt with as part of the whole banking system. Most of government texts combine both the Jewish and the Arab economic development. No definite line of demarcation can be drawn between the two.

However, two sources proved of primary informative value: Cooperative Societies in Palestine, Report by the Registrar of Cooperative Societies, Jerusalem, 1938, and Jewish Labor Economy in Palestine, by G. Muenzner, Victor Gollancz, Ltd., London, 1945.

Most of the publications appearing in this composition, were mailed

to me from Palestine, at the beginning of 1947; hence the latest figures used are of 1946.

One direct result of this thesis is my determination to proceed with the study of and research in the Cooperative Movement.

I. JEWISH COLONIZATION AND COOPERATIVE AGRICULTURE IN PALESTINE

Brief Survey of Jewish Colonization in Palestine

It is impossible to understand Jewish colonization of Palestine without first realizing that the Jewish people have never lost their attachment to the country of their origin. For almost two thousand years of exile, Jews have prayed daily for the re-establishment of Palestine, and their religious faith is permeated with the hope for a Messianic ressurrection of the Jewish people.

Lord Rusholme (R. A. Palmer), President of the International cooperative Alliance, has said that the "success of the Jewish settlements in Palestine, which is one of the outstanding achievements in the history of modern colonization, has been largely due to the bold and loyal application of cooperative principles and methods".[1]

Palestine has been colonized by the Jewish co-operators in the spirit of a family searching for a new life - in a new and better society. They did not come as conquerors or adventurers in search of gain. They did not come to seek wealth and then return to another land which they called home. They came to build a home, in the land which had been their homeland centuries ago. They came as exiles, persecuted and downtrodden, but with the spirit of a proud people

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[1] A. Zabarsky, The Cooperative Movement in Palestine, preface by Lord Rusholme, published by the General Federation of Jewish Labor in Eretz-Israel, Tel-Aviv, Palestine, 1946, p. 3.

seeking to build a homeland and a nation so that they, too, could hold up their heads in the family of nations of the world.

The results of their work are certainly encouraging. Lord Rusholme pointed out that not only are the results encouraging "in terms of land cultivated, trade, and capital accumulation - but in terms of human happiness, human brotherhood, community life and community spirit." [1]

Robert Owen's ideal of integral co-operative colonies, the vision of the Rochdale Pioneers and the fervor of missionary enthusiasm seem to have made a firm alliance with a practical and sound sense for economic possibilities, and this, in no small way, had contributed to their success.

Before the Jewish colonization experiment, Palestine was to all intents and purposes colonial in character. It is now being transformed into a progressive, modern country.

Character of the Movement

The movement today is multi-featured. There is hardly any branch of economic activity in the country - agriculture, settlement, industry, credit, housing, transport, retail and wholesale trade - where co-operation has not acquired its honored place. In certain fields it has nearly monopolized the entire volume of activities. Some of these fields are in agricultural settlement [2] and passenger transport. [3]

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[1] A. Zabarsky, op. cit. p. 3.

[2] See p. 33

[3] " " 109

TABLE I

COOPERATIVE SOCIETIES ON REGISTER

DECEMBER 1946

	On register			
Credit societies:	Jewish	Arab	Others	Total
Urban	43	2	1	46
Rural	54	148	-	202
Saving and Provident Fund Societies	183	-	-	183
Agricultural Societies:				
Collective settlement societies (Kvutzot and Kubbutzim)	166	-	1	167
Smallholders' settlements societies (Moshavot)	110	-	-	110
Agricultural marketing societies	62	18	1	81
Agricultural insurance societies	4	-	-	4
General agricultural societies	79	23	-	102
Miscellaneous agricultural societies	12	-	2	14
Irrigation and water supply societies	71	1	-	72
Industrial producers and service societies	142	16	-	158
Transport and travel service societies	57	5	-	62
Contracting societies	* 9	-	-	9
Housing societies	238	1	1	240
Consumers' societies	141	25	3	169
Miscellaneous societies	19	5	-	24
Mutual insurance societies	1	-	-	1
Audit unions	8	-	-	8
	1,399	244	9	1,652

* Including 5 agricultural contracting societies.

Source: Registrar of Cooperative Societies, Palestine Government, Jerusalem.

TABLE II
JEWISH SOCIETIES ON REGISTER
MEMBERSHIP, OWN AND BORROWED RESOURCES [1]
1921 - 1945

Years	No. of societies on register	No. of societies included in table	No. of members	Own resources: Share capital LP.	Own resources: Reserves LP.	Borrowed resources: Deposits LP.	Borrowed resources: Creditors for loans etc. LP.	Total resources LP.
1921	13	1	796	1,970	1,024	1,705	15,806	20,505
1922	33	10	6,735	12,641	11,019	43,263	75,478	142,401
1923	42	16	8,569	35,508	19,055	48,564	195,884	299,011
1924	65	30	14,781	70,854	54,343	123,006	225,082	503,285
1925	122	51	40,460	140,133	133,408	232,301	450,995	957,137
1926	145	71	52,501	166,672	141,492	204,448	598,942	1,111,554
1927	171	87	55,995	190,813	146,876	198,353	576,485	1,112,527
1928	198	104	62,587	225,215	178,946	325,611	594,180	1,323,952
1929	221	137	68,922	250,043	276,440	467,658	1,090,187	2,084,328
1930	261	154	75,359	269,020	321,292	587,547	1,226,801	2,404,660
1931	303	180	81,835	313,025	418,899	687,640	1,338,324	2,757,888
1932	376	210	93,445	360,153	499,946	1,116,595	1,453,795	3,440,490
1933	474	288	119,981	461,761	741,057	1,922,973	2,077,144	5,202,953
1934	543	352	148,451	658,108	928,799	3,014,608	2,966,168	7,567,683
1935	699	480	194,586	1,069,932	1,226,995	2,829,189	4,420,265	9,456,381
1936	770	610	220,295	1,331,881	1,635,247	3,145,783	5,023,145	11,136,056
1937	871	694	243,327	1,552,380	1,806,524	3,150,156	6,121,056	12,630,116
1938	882	779	272,267	1,527,106	1,802,510	3,493,498	6,786,542	13,809,656
1939	949	820	280,797	1,639,502	1,714,322	1,478,108	7,131,304	11,963,206
1940	953	877	296,537	1,638,515	2,095,169	1,671,543	7,375,307	12,181,334
1941	957	892	272,341	1,642,289	2,340,617	1,133,795	7,517,801	12,634,532
1942	998	908	293,154	1,749,112	3,021,630	1,782,684	8,666,198	15,219,624
1943	1,022	919	306,960	2,230,175	3,944,841	3,685,741	10,755,742	20,616,499
1944	1,052	965	330,242	3,193,102	4,545,075	6,355,340	12,696,637	26,790,154
1945	1,168	1,029	350,290	4,147,430	4,538,929	8,949,392	14,615,311	32,251,062

Sources: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development During the Years 1921 - 1937, Jerusalem, 1938, p. 35; figures for 1938 - 1945 were obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

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[1] Rate of exchange is $4.03 to a Palestine pound. All figures can be converted to U.S. dollars by multiplying them by 4,03.

In other fields, like marketing[1], it embraces so much of the country's total that co-operation has left its distinguishing and controlling mark.

Though a small country, Palestine is probably the only country in the world where the movement is so variegated. The cooperative enthusiast can easily find an outlet for his ideals in practical application in everyday life. He can have his clothes and shoes purchased in cooperative factories, his food from the consumer's society, obtain an apartment in a cooperative apartment house, travel in town or in interurban buses driven by members o the bus-drivers' societies, insure himself and his possessions in cooperative insurance societies, secure old-age benefits in a provident fund society, and, last, but not least, secure ready cash, if he can prove himself credit-worthy, from a credit cooperative society.

First it is imperative to understand the social set-up of the young self-rebuilding Jewish nation in Palestine. Much of what has been reclaimed and built up in Palestine during the last 50 years required a sturdy, staunch pioneer spirit from the settlers.

Individual effort was often not enough to overcome the obstacles of nature and the neglect of ages. Thus, rather than developin a spirit of "rugged individualism" that made each man independent from his fellow-man, the mind and soul of the early Palestinian pioneer was swept by the slogan of the musketeers of Dumas, "One for all - and all for one."

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[1] See page 51.

1 See page 1.

And thus the idea of a collective effort - often coupled by common ownership and equal share and fair distribution of profits - assume concrete shape. And now many things - formerly scoffed at by others, mainly because of their untried originality - have become established social facts. And upon these established social facts, the larger proportion of the younger generation in Palestine is being brought up - to the ultimate benefit of the individual and the society.

Two Kinds of Co-operation

First, to discuss the problem of resettlement. This is a problem, which, to many observers, looms as the most difficult problem of the post-war period all over the world. The end of the war brought a resettlement problem that may provide the basis for the hatreds and jealousies of a new, and admittedly more destructive war. And yet the only solution to the problem of hundreds of thousands of stranded peoples left homeless and hopeless by the war seems to be migration and resettlement.

The extent of such relief is dependent upon two factors: available funds and accessible areas. Despite optimistic expectations, funds for relief are not unlimited. And those countries which restricted immigration before are not looking forward to lifting those restrictions in the near future. Necessarily, therefor, migration of groups can, alone, cope with the situation. Resettlement, on this basis, thus centers in countries offering agricultural opportunities which are not available for "infiltration" by individual European emigrants into existing rural communities.

One way to ease the problem of group migration is the cooperative method. Mark A. May's and Leonard W. Doob's article on "Competition and Cooperation" published in the Social Science Research Bulletin No. 25 (New York, April 1937) states that: "Leaders of thought at the present time nearly all agree that in the Western world competition has produced a rich technological culture which, now, because of radically altered conditions can be enjoyed by men if they learn to displace the no longer

productive competitive practices with new, as yet only partially discovered cooperative ways of living".

Available research on the subject is scattered, spotty and even chaotic. Thus a field has been ventured into what is very slightly cultivated.

Cooperative undertakins, in practice, permit two distinctions. There are both "segmental", or partial, and "comprehensive", or all-inclusive, cooperation.[1] In segmental cooperation, the members associate to satisfay l i k e interests. This type is found in consumer's, producers', marketing and processing cooperatives which are all organized for the better attainment of specified economic ends.

Comprehensive cooperation is based upon c o m m o n interests.[2] Comprehensive cooperation is practised in a community when all the essential interests of life are satisfied in a cooperative way.

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[1] The two terms are borrowed from Henrik F. Infield, Cooperative Living in Palestine, Kegan Paul, Trench, Trubner and Co., Ltd., London, 1946, p. 130.

Mr. Infield explains his reasons for their use as following:

"The term "comprehensive cooperation" is used here in the same sense as Laserre's "integral cooperation". See his Co-operatisme Integral (Bale, 1927). We have preferred to use "comprehensive" from the other (segmental) type of cooperation, and, second, because Laserre's term was formulated prior to any practive and thus carries a blueprint connotation, whereas "comprehensive", derived from observed practice, is not so limited".

[2] Webster defines l i k e as "having the same, or nearly the same apperance, qualities or characteristics", while c o m m o n is defined as "belonging or pertaining to the community at large". The distinction between l i k e and c o m m o n interests is discussed by R. M. MacIver in Society: A Textbook of Sociology.

Segmental and comprehensive cooperation are not opposites. They do not mutually exclude one another. These two terms apply to different degrees of the same type of social behavior.

For example: segmental cooperation in one activity may be accomplished by competitive behavior in other activities. In other words - a member of a consumers' cooperative may be a business competitor of another member of the same cooperative.

Comprehensive cooperation, however, excludes economic competition between members of the same group. In the one case, cooperation is practiced only when it promises economic benefits, or a profit can be made; in the other case, cooperation becomes a new way of life.

The American system of competition has been built up on way and standard of living. In Palestine, the pioneers have attempted a new way of life. This seeks to better persons within its own system - it does not seek to influence the way of life of others who believe in competition. But, the Palestinian believes that by true cooperation, comprehensive cooperation, in all fields of endeavor, he can accomplish, much more quickly and efficiently, the higher standards of living that it took before.

And as an example: he points with pride to the accomplishments that were made practically in one lifetime in Palestine.

It can be noted here that only recently have experiments in cooperative communities emerged from the alchemistic stage of seeking a cure for human evils, in many countires they have entered a period of controlled experimentation. During this period, several governments,

including the United States federal authorities, have made the establishment of such communities a part of their official program.

These realistic experiments vary with the governments, or quasi-governmental agencies, which finance them. They have, though, one aim in common: the solution of certain urgent problems in rural economy.

Effective use of comprehensive cooperation have been made in the Russian Kolkhoz, the Palestinian Kvutza, the Mexican Ejido, as well as more than twenty large-scale cooperative farms established temporarily during the late 1930's by the United States Federal Farm Security Administration.[1] These experiments are extremely interesting objects of sociological study. They offer to the American student a cherished opportunity to observe cooperative communities close at hand.

Some communities have been too recently established for valid deductions to be drawn. Such are the Mexican Ejidos. The Russian Kolkhoz and the Palestinian Kvutza provide more significant examples of cooperative community practice. But, as has been brought out in several studies, the Russian form is not based clearly on voluntary cooperation. However, the Kvutza, which is more clearly based on voluntary cooperation, has the experience which can give us the most help in the difficult problems of post-war resettlement.

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[1] Ralph Albertson, A Survey of Mutualistic Communities in America, Iowa Journal of History and Politics, XXXIV, October 1936.

The Kvutza - An Example of Comprehensive Cooperation

Kvutza (plural - Kvutzot) is the Hebrew equivalent of "group". The Kvutza is one of three types of social organizations among Jewish rural settlements in Palestine.[1] Of these the Moshavah - or settlement - is simply the traditional individualist village. The other two, the Moshav-Ovdim - or small-holders settlement - and the Kvutza are cooperative.

The Moshav-Ovdim retains many individualist features, whereas in the Kvutza not only all economic functions, but social functions, as well, are strictly cooperative.

The Kvutza is not the solitary example of extreme comprehensive cooperation. Several communities with a religious background have similar practices. But the Kvutza goes much further.

The Hutterites, for example, have also eliminated private property. But, should they decide to change their system, they would probably divide the common property. An example of this may be found in "Amana in Transition" by Bertha M. Shambaugh in The Palimpset, XVII, No. 5. There it is pointed out that the common property was divided in Iowa in 1932 by the Amana Community.

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[1] In the literature of the Kvutzot, the term Kvutza is used alternately with Kibbutz, which has practically the same meaning. But Kibbutz also refers to groups which are preparing to settle a Kvutza, as well as to the superior organizations created by the Kvutzot. To avoid confusion, the present study uses Kvutza only for the rural settlements and Kibbutz for the superior co-ordinating organization.

The Kvutza deliberately excludes this possibility. Whoever joins it agrees, by contract, to cede all his possessions to the group. But if a member leaves, and a member amy leave if he so desires, he is generally aided sufficiently to enable him and his family to establish themselves elsewhere. The extent of such aid depends on the economic progress and resources of the community.

It must be pointed out that the Kvutza does not own the land, and, consequently, cannot dispose of it. The settlers have the exclusive rights to the land only as long as they continue to cultivate it. The land cultivated by the Kvutza belongs to the Jewish National Fund (Keren Kayemet Le-Israel). It was founded in 1901 for the purpose of buying land in Palestine as the inalienable property of the Jewish people and to lease it to settlers. In 1920 agricultural colonization was greatly facilitated by the establishment of Foundation Fund (Keren Ha-Yesod) by the Zionist Organization of Palestine. One of the primary functions of Foundation Fund is to provide long-term agricultural loans at low interest rates. The Keren Ha-Yesod has set up the Palestine Agricultural Settlement Association (PASA) and other companies which give the settlements short and intermediate term loans. All the above-mentioned funds render theri services to both cooperative settlements and individual settlers.

Several aspects of the Kvutza are especially significant to the student of comrehensive cooperation.

First, the Kvutza is well-established. The first of these settlements was founded in 1908, with a membership of ten. A recent census

made in 1946, shows 166 Kvutzot in Palestine with a total membership of more than 20,000; about 35,000, including all members of families.[1] And the movement is still growing.

Secondly, the land area of each Kvutza is restricted according to the number of settlers. The smallest has fifty members, the largest has not many more than a thousand. In plantations, the acreage averages bout 17.5 dunams[2] per family, as compared with 80 to 100 dunams per family in the mixed farming colonies.[3]

Thirdly, in spite of its extreme features, the Kvutza is not utopian. This is an important aspect. The Kvutza is not an attempt to translate any religious or reformist blueprints into reality. It has arisen out of economic necessity. It is sponsored by the national Jewish agencies in charge of resettlement in Palestine, and these agencies are endowed with certain governmental functions.

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[1] Samuel Edwin, Handbook of the Jewish Communal Villages in Palestine, Jerusalem, 1946, p. 44.

[2] About 4 dunams to an acre.

[3] The area of a Kvutza is not based on calculations which are themselves given by theory, but on the size of membership and on the methods of cultivation employed. Some Kvutzot, through intensive cultivation, support large memberships on small areas, especially in the vicinity of urban centers. See Co-operative Societies in Palestine. Report of the Registrar (A. F. Nayton) of Co-operative Societies on Developments in Palestine During the Years 1921-1937 (Jerusalem, 1938, p. 79). This report contains an excellent survey of Jewish agricultural development in Palestine, particularly of its co-operative aspects. The document will be referred to in this thesis as Government Report.

Fourth, the Kvutza, because of its truly total cooperation, illustrates boldly those modifications which society and its institutions might undergo if the cooperative principle to be widely applied. No partial cooperative could provide so ideal an object lesson.

Fifth, because of the preceding four factors, the social processes of the Kvutza yield insights into the nature of comprehensive cooperation which should be applicable to the problems of our society.

In conclusion to this dissertation on the Kvutza let us notice:

The Kvutza is not a temporary success of visionaries striving to realize a social utopia in the desert. It is not a utopia, but it has exhibited a remarkable capacity for survival, in spite of ominous predictions that the stabilization of economic and social conditions in Palestine would spell its downfall.

During the almost forty years since Degania[1] was established, the Palestinian Kvutza has survived many and varied crises. It has passed through periods of Zionist stagnation and through periods of urban prosperity which might have lured members away from the cooperatives. During the last thirty years membership of the Kvutzot has risen from a bare hundred to well over 30,000. Economic and social achievements, based upon the accumulation of experience and efficiency, indicate that

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[1] The first communal settlement founded in 1910 on a tract of Jewish National Fund land near the sea of Galillee. See Baratz, Joseph, Degania - The Story of Palestine's First Collective Settlement, Palestine Pioneer Library, Jerusalem, 1940.

the stability of membership is very high.

Kvutzot are not blueprint models of one another. Theu differ from one another as individuals differ, though all of them possess basic traits in common. There are Kvutzot which place emphasis on economic efficiency, distinguishing themselves in the invention of new methods of work. Others put stress on the social improvement of the pattern of communal living.[1] Still others devote much of their energy to cultural activities, or to all of these together.

Though every new Kvutza derives its technique from the experience of other Kvutzot, each tries to mold its own pattern. Each tries to develop their own individuality and none of the new groups seem content to imitate their older groups. This, of course, leads to new methods, new outlooks, and new techniques, which, when proven, are utilized by all and result in a continuous improvement for all. There is no stagnation.

In the course of years the Kvutza has exhibited a good deal of elasticity. There were times when everybody felt that the group must never grow larger than about 50 to 60 persons. There was a general belief that only an intimate group of friends can realize community life, and that larger numbers would mean the loss of personal attachments that would make community life cold and meaningless.

The facts disprove this earlier belief. Today there are Kvutzot

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[1] See Weinstein, Jacob, J. New Social Forms and Cooperative Palestine, League for Labor Palestine, New York, 1944, pp. 68-74.

whose membership goes into the hundreds.

The Kvutza seems to be able to adapt itself to changes of economic and social conditions, transforming its pattern accordingly. Even many of the original concepts of the Kvutza have undergone a change.

Perhaps this was because the Kvutza never considered communal life to be the ultimate aim of human aspirations.

What distinguishes the Kvutza from similar social attempts is the fact that the Kvutza was never a sect. It did not consider itself an attempt to escape from the individualist and competitive world. The Kvutza makes no attempt to escape the realities of life in the outside world. On the contrary, it is vitally interested in furthering the development of Jewish colonization and serves as the advance party for all the constructing forces contributing to the building-up of the country. The Kvutza sees itself, not as an island of escape from the wickedness of the world, but as a crucible for world change.

Most members of the Kvutzot are convinced that there can be no equality between human beings without social cooperation. Since equality is one of the essentials of the labor movement, the Kvutza considers itself as the most socially advanced section of the Palestinian labor movement.

Much of the fervent attachment of a great many members of the Kvutza to the collective ideal can be attributed to the character of the people. For them the only chance for personal freedom from employer and petty economic difficulties lies in the Kvutza. This may be difficult for a person, brought up in a world of employer and employee, who has

been trained by environment to accept, even be happy, with the fact that one must be an employer and others work for him for their mutual benefit, to understand. Members of the Kvutza, faced with the alternative of apparent freedom on a privately owned farm, or work in the collective with its inevitable limitation of a certain amount of personal freedom, nevertheless have chosen the Kvutza. The drudgery, the worries, the ties, and the strains involved in the private farm, makes the freedom illusory, while the Kvutza gives them, in spite of its discipline, a sence of real freedom.

Nor should it be thought that the Kvutza is a refuge for the misfit. It requires the most highly integrated individuals to live together in a tightly knit community. They consider the Kvutza as the revival and reassertion of the old principle of the Jewish community, of "arevut hadadit" or mutual responsibility.

The Kvutza has learned much in the years of its existence. It has learned a great deal of the limits and potentialities of the individual. It has developed an understanding of the needs of the people. It has attained a certain spiritual maturity. It has learned that in the great forest of trees, each is an individual whole and that the individual trees must not be sacrificed to the forest.

That is the antithesis of the communist form as practiced in Russia. There the individual exists solely for the state and for the benefit of the state regardless of the needs of the individual. The Kvutza has learned that it exists for the individual and for the benefit of the individual which is maintained by all through the Kvutza.

The Kvutza has no binding constitution and no written laws, except the uniform constitution required by the Government.[1] The real constitution of the Kvutza is the conscience of its members. The survival of the Kvutza, in spite of many trials and much adversity, gives the assurance that it has come to stay as an enduring form of a human community.

Every member is presumed to do his utmost in the tasks assigned him, and, in return, he receives his necessities, food, clothing, shelter, recreation, medical care, education for himself and his children, support for his parents. These goods and services are not distributed in proportion to the amount and quality of individual work performed, but, rather, according to the quantity of goods and services communally made available to the group. Without the incentive of personal reward, is work done less zealously? If everyone is assured that his needs will be satisfied, whatever his own contribution, who would want to go out of his way to do more than is strictly necessary? Must not the quality of work done sink to the level of the laziest in the group?

These queries can be answered statistically. But this demonstration is not necessary to refute the assumption that work without individual reward must needs be inferior. What we know about the psychology of satisfaction in work is sufficiently striking.

A survey of research studies made in the past fifteen years sums

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[1] See Appendix I

up these related findings:

This incentive - material inducements, that is money or the things that money can buy - appears to be powerful in our society and certainly is always described as being powerful. At the subsistence level it is powerful in fact, and any organization that occupies a large part of the time of its members must supply them with money or goods. Beyond the subsistence level, the theory that this incentive is decisive is largely an illustion.[1]

Even in our business civilization, with its exaltation of material values, the survey finds that "in spite of all persuasion this incentive remains relatively weak". It offers, as proof, "the success and survival of many organizations, including some of the oldest, which have not been able to offer material benefits in large amounts".

If we accept this proff, the achievements in work of the Kvutzot, as demonstrated statistically, need not surprise us. The Kvutza offers its members economic security as well as definite non-material rewards.

In the Kvutza, subsistence, whatever its level, is guaranteed to each on a non-competitive basis. We must assume certain standards below which no one can live without impairment of his physical as well as mental well-being. On the other hand, absolute standards are far from

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[1] Committee on Work in Industry of the National Research Council, Fatigue of Workers, Its Relation to Industrial Production (New York: Reinhold Pub. Co., 1941), pp. 153 f. The section is based on Chester L. Barnard's study, The Functions of the Executive (Harvard University Press, 1938).

well established. If they were, they would take into consideration the attitude of individuals towards any given situation. Even a low standard of living, once above the level of starvation, will be more readily accepted if it does not imply personal failure or inferiority. Deprivations brought about by floods or earthquakes or by social catastrophes, such as wars, are borne more easily because they affect everyone equally. Resentment begins when (as in wartime) equality of sacrifice is violated. In the Kvutza, with practically complete absence of privilege, such resentment doe not arise.

Moreover, for every individual in a group which practises comprehensive co-operation, there is a lessened impact of his having private worries. Such economic worries lose their sting through having become a concern of the whole group. The individual knows that so long as the others have a roof and have food on their tables he, too, will find shelter, nor will he be left wanting. Once minimum sufficiency is assured, and once the Kvutza exceeds a hundred members, concern about subsistence becomes so diffused that it loses its practical hold on any one person.

Among non-material work incentives, Barnard's investigation found "personal non-material opportunities" on the one hand and "ideal benefactions" on the other, to be significant. Work in the Kvutza can be shown to have benefited from "opportunities for gaining distinction, prestige and personal power" and "ideal benefactions" (listed by Barnard as "loyalty to organization", "aesthetic feeling", and "altruistic services").

The whole social organization of the Kvutza apparently restricts opportunities for "gaining distinction", but actually, in its own way, considerably enlarges them. To the genuine Kvutzist, who fits into the pattern of co-operative living, his interests are identical with those of the group. Group success brought about through the efficiency of one of the members enhances the prestige of all.

II. RURAL COOPERATIVES IN PALESTINE

Structure of the Cooperative Movement in Palestine

The Jewish Cooperative Movement in Palestine comprises two main sectors: 1. Labor cooperation, centered around the General Federation of Jewish Labor in Palestine; 2. non-Labor cooperation, with a mainly middle class membership.

The General Federation of Jewish Labor in Palestine, (Ha-Histadruth Ha-klalith shel Ha-ovdim Ha-ivrim be-Eretz Yisrael - in short, Histadruth) plays a double part in the Jewish economy of Palestine. In the first place it fulfills functions similar to those of trade unions in Europe and America, setting out to protect the interests of its members.

As such, it had more than 112,400 members in March of 1946. If women, juvenile workers and children are included, the figure attained is about 154,433 out of a total Jewish population, then estimated at about 650,000. Judging by these figures, about one-fourth of the total Jewish population in Palestine was organized in this union. If the total sum of the Palestinian Jewish working class - 150,000, excluding the wives of workers- is compared with the figure of 112,400 workers organized in the Histadruth, it is found that approximately 75 percent belong to the latter.[1]

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[1] Figures obtained from Jewish Labor's Case, a memorandum submitted to the Anglo-American Committee of Inquiry on European Jewry and Palestine, by the General Federation of Jewish Labor in Palestine, March, 1946, p. 14.

TABLE III
JEWISH WORKERS AND HISTADRUTH MEMBERSHIP IN PALESTINE
1930 - 1946

Beginning of year	Jewish Workers (excl. wives)	Histadruth members (incl. juvenile workers)		
		Incl. wives	Excl. wives	As % of Jewish workers
1930	27,300	25,400	20,200	74
1931	28,000	30,060	21,000	75
1932	30,000	30,080	23,500	76
1933	35,000	35,000	26,600	76
1934	50,000	48,000	37,000	74
1935	70,000	67,000	52,000	74
1936	90,000	87,000	69,000	76
1937	105,000	99,000	78,000	74
1938	108,000	100,000	80,000	74
1939	112,000	108,000	82,000	73
1940	120,000	117,000	89,000	74
1941	125,000	119,500	91,000	73
1942	132,000	126,300	95,000	72
1943	137,000	133,000	99,400	72.5
1944	143,000	139,000	104,300	73
1946	150,000	154,433	112,400	74.5

Source: Figures for 1930 - 1944 from "Jewish Labor Economy in Palestine", by G. Muenzner, Victor Gollancz, Ltd., London 1945; figures for 1946 from Report of the Department of Agricultural Colonization, Middle Class Division, for the period 1939 - 1946, published by the Jewish Agency for Palestine, Jerusalem, October, 1946.

Apart from its activity as the central trade union, the Histadruth participates to a steadily increasing degree, either directly or indirectly, in Palestine's economic life as an entrepreneur and employer.

ההסתדרות הכללית של העובדים העברים בארץ ישראל

HISTADRUT HAOVDIM

GENERAL FEDERATION OF JEWISH LABOR IN PALESTINE

HISTADRUT CONVENTION

- COUNCIL
- EXECUTIVE

HISTADRUT JUDICIARY — HIGHER COURT — LOWER COURTS

COMMITTEE ON WAGES — CENTRAL SUPERVISORY BOARD — LOCAL SUPERVISORY COMMITTEES

HEVRAT OVDIM

- COUNCIL
- EXECUTIVE

NATIONAL ORGANIZATIONS AND TRADE UNIONS

- AGRICULTURAL WORKERS UNION
- PROFESSIONAL & CLERICAL WORKERS UNION
- ENGINEERS ARCHITECTS & TECHNICIANS
- BUILDING WORKERS FEDERATION
- PALESTINE LABOR LEAGUE (JEWISH SECTION)
- RAILWAY, POSTAL & TELEGRAPH WORKERS UNION
- HAPOEL (SPORT CLUB)
- HANOAR HAOVED (WORKING YOUTH ORGANIZATION)
- MOATZAT HAPOALOT (WORKING WOMEN'S COUNCIL)

COUNCILS OF AGRICULTURAL COLLECTIVE & COOPERATIVE SETTLEMENTS

LABOR COUNCILS IN VILLAGES

LABOR COUNCILS IN CITIES & INDUSTRIAL CENTERS

FEDERATIONS OF SETTLEMENTS

- KIBUTZ MEUHAD
- KIBUTZ ARTZI
- HEVER HAKVUTZOT
- HANOAR HAZIONI
- IRGUN MOSHAVIM

AGRICULTURAL PROFESSIONAL ORGANIZATIONS

GRAIN	FRUIT
VEGETABLES	CATTLE
SHEEP	POULTRY
BEES	DRAFT ANIMALS
FISH – BREEDING	FISHING
EGG – HATCHERIES	FRUIT – NURSERIES
GARDENERS	HORTICULTURE

INDUSTRIAL PROFESSIONAL ORGANIZATIONS

AGRICULTURE	TOBACCO
BUILDING & PUBLIC WORKS	BAKING
BUILDING MATERIALS	FOOD
WOOD	HOTELS & RESTAURANTS
METAL & ELECTRICITY	BARBERS
TRANSPORT	CLERKS
DIAMONDS	ENGINEERS, ARCHITECTS & TECHNICIANS
RAILWAY, POST & TELEGRAPH	MEDICINE
MARINE, FISHING, PORT	ARTS
OIL & CHEMICAL MFGR.	TEACHERS
TEXTILES	SCHOOL PERSONNEL
NEEDLE TRADES	DOMESTIC SERVICE
LEATHER	HOME SECURITY SERVICES
PRINTING & PAPER	WATCHMEN

SOCIAL AID INSTITUTIONS

- KUPAT HOLIM (SICK FUND)
- INVALID FUND
- SOCIAL SERVICES OF WORKING MOTHER'S COUNCIL
- PRE-NATAL AND CHILD CARE
- UNEMPLOYMENT FUND
- DOR L DOR (LIFE INSURANCE)
- MATZIV (FAMILIES SECURITY FUND)

EDUCATION & CULTURE

- DAVAR (NEWSPAPER & PERIODICALS)
- AM OVED (BOOK PUBLISHING)
- PROFESSIONAL JOURNALS
- HAQIQAT AL AMR (ARABIC WEEKLY)
- OHEL (THEATRE
- SCHOOLS
- NURSERY SCHOOLS
- ELEMENTARY SCHOOLS
- SECONDARY SCHOOLS
- TRADE SCHOOLS
- GIRLS FARM SCHOOLS
- TEACHERS SEMINARIES
- EXTENSION COURSES
- LABOR ARCHIVES

ECONOMIC INSTITUTIONS

- DAVAR PRESS
- NACHSHON (MARITIME)
- AVIRON (AVIATION)
- PASSENGER & FREIGHT TRANSPORT
- COOP RESTAURANTS
- PRODUCERS COOPS
- NOA (TRANSPORT SUPPLY CO.)
- TNUVA (MARKETING COOP)
- YAKHIN
- MEKOROT (WATER COOP)
- NIR LTD (AGRICULTURAL CREDIT)
- CONSUMERS UNIONS
- CONSUMERS COOPS FUND
- HAMASHBIR (CONSUMERS COOP)

- COOPERATIVE CENTER
- AUDIT UNIONS
- NIR (AGRICULTURAL COOPERATIVE SOCIETY)
- LABOR SETTLEMENTS
- SETTLEMENT FUNDS
- WOMENS FARMS
- INDUSTRY IN SETTLEMENTS

FINANCIAL INSTITUTIONS

- WORKERS BANK
- PALESTINE HISTADRUT CAMPAIGN
- SAVINGS & LOAN SOCIETIES
- AMPAL
- HASSNEH INSURANCE SOCIETY
- INDUSTRIAL COOPS FUND
- SEVERANCE PAY FUND
- SHIKUN HOUSING CO.
- TFAHOT (2nd MORTGAGE CO.)
- BITZUR (PUBLIC WORKS FINANCING CO.)
- SOLEL BONEH (BUILDING CONTRACTING)
- KUR INDUSTRIES
- VULCAN FOUNDRIES PHOENICIA GLASS etc.
- NESHER CEMENT
- QUARRIES
- SHEMEN (OLIVE OIL CO.) ETC.

General Characteristics

Until 1933 there was a wide diversity among Jewish agricultural societies. To a certain extent these variations were not always the result of differences of local conditions and requirements but were due to a lack of guidance and supervision when the societies were formed. Multitudinous societies sprang up in the various settlements. But these groups had many and varied functions. There was no organization of purpose, that is, some societies were credit societies which combined in their functions the granting of loans, joint purchasing of necessities and collective marketing of products.

In the long run, however, these societies absorbed more and more of the settlements' population, including those who had no agricultural interests, with the result that the purchasing and marketing functions of the societies shrank. They became too big, too top-heavy. In some settlements a number of societies were formed for several specific functions and this resulted in much overlapping. The pure Raiffeisen society did not take root in the Jewish settlements. The position improved in 133 when, as a result of the new legislation, all existing societies were called upon to adapt their rules to the new law. This opportunity was taken to endeavor to eliminate confusion and to introduce some uniformity into the activities of the societies serving the agricultural community.

Special model rules were prepared and, at present, the Jewish agricultural societies may be properly divided into the following types in accordance with their principal objects:

a. Societies for the management of cooperative or collective settlements (Kvutzot and Kibbutzim).

b. Societies for the management and development of small-holders settlements in which individual ownership exists.

c. General agricultural societies.

d. Societies for processing and marketing of agricultural products.

e. Societies for water supply for agricultural and domestic purposes.

f. Societies for insurance of cattle, crops and plantations.

g. Miscellaneous agricultural societies.

h. Societies for agricultural services (including co-partnerships of labor for specific agricultural services, such as fruit packing, well-drilling, deep-ploughing, and agricultural contracting).

i. Societies for the provision of agricultural credit.

The above nine types are not entirely distinct from each other either in their functions or in their methods of business. Most of the societies included under a., b., and. undertake also, for instance, the processing and marketing of products, and in this sense they are marketing societies. These will be taken up under a different heading. They also undertake the supply of water for agricultural and domestic purposes and are, as such, irrigation societies.

Similarly, some of the miscellaneous societies subject their commodities to certain processes before marketing and become, for this

reason, also processing and marketing societies. The societies for the management of collective settlements are so closely interrelated with those that aim at the management of smallholders settlements that one type cannot be rightly divorced from the other.

A clear line of division between the before-mentioned types is, however, found in the principal objects which they set out to achieve. What is the principal object to one type of society, may be only of second or third rate importance in the functions of another type, and vice versa.

It must be remembered, that during World War II there occured a considerable expansion of agricultural production. Both collective and smallholders societies covered larger areas under intensive cultivation. Improved systems of agriculture, deeper wells, and wider areas under irrigation were continually raising the volume of activities in all types of agricultural societies connected with mixed farming, for example, vegetables, egg and milk products.

In some of the collective settlements, various industries were started, even before the war. At first there were, for example, vegatable preserves and jam factories. These were set up to absorb the over-flow of agricultural production in the expanded farm. Later modern and large-scale metal and wood workshops became a common feature in a number of the larger Kibutzim. These workshops not only manufacture agricultural implements and machinery required by other villages in the country, but also market their finished products in the towns.

According to Professor Jacob S. Joffe, professor of pedology at Rutgers University: "Agricultural cooperatives owe their success to their ability and capacity to compete with large-scale or corporation farming. As a matter of fact, well-organized farmers' cooperatives do compete effectively, especially in the fields of distribution, financing, and what might be considered paternal relations with the consumer - the elimination of middle man.

When it comes to production, cooperatives, as a rule, are not and cannot be in the same advantageous position as large-scale corporation farming. A critical examination of the records of many cooperatives that have disappeared from the scene will reveal failure to pool resources in the fields of production. It is here that the collective forms of cooperation play their role".[1]

All types of collectives, be they the religious Hutterische Gmein, the Amana Society, the avowed communistic Kolkhoz in Russia, its prototype in Mexico and Ejidos, or the unique Palestinian Kvutza, have one common attribute, cooperative systems of production under centralized management. In this respect the collective resemble the large-scale corporation farms. The difference lies in the objectives.

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[1] Joffe, Professor Jacob S., Cooperation in Agriculture - Lecture given on October 21, 1944 in the New School of Social Research, Printed in New Social Forms and Cooperative Palestine, op. cit. p. 31.

The corporation farm is out for profits, not for the production of food or other necessities of life. With the collective enterprise, the motives for production are consumer needs and the popular welfare. In the Palestinian collectives, concern for the fate of the Jewish nation is an additional objective which favors the success of group efforts.

If we examine the problem a little deeper, Professor Joffe maintains, other advantages for the collective form of cooperative becomes apparent. The collective is not hampered in its production by the whims and idiosyncracies of the individual.

If some members of a cooperative decide to plant, say, sweet potatoes according to the position of the moon, they may do so. If other members wish to follow different methods of fertilization and agricultural practices in producing sweet potatoes, they may do so. There is no compelling force in a plain non-collective cooperative to restrain the caprice of individual members. Here and there we do find a mild control of production even among standard cooperatives. Generally, however, production is left to the initiative of the individual.

In a situation of individual production the quality of the crop must suffer. There can be no standardization in variety, size, or shape of the potato. Because of the divergence in methods of production, more handling is required. This increases storage charges, since more damage by disease results because of excessive handling. All in all, the cost of the product is high.

There can be no such disorder in the production of sweet potatoes by a collective. As a rule there will be a uniform method of culture, harvesting, grading, packing and storing. The entire crop will be of the same degree of maturity, will cure evenly, and will stand handling and storing much better.

Societies for the Management of Cooperative or Collective Settlements

Let us take a look at some of the societies for the management of cooperative or collective settlements.

The objects of these societies are:

a. To manage and develop a collective farm.

b. To undertake agricultural and other works outside the settlement, whether by contract or on the basis of a fixed wage.

c. To organize various industries in the settlement.

d. To dispose of the products of the settlement and purchase its requirements.

e. To maintain a common purse into which all the earnings of the members shall be paid and from which all their requirements shall be provided.

f. To assist members in raising their economic and social level by mutual aid, to care for their sick, to support the old and feeble and other persons dependent on members, and to maintain and educate their children.

TABLE IV

KVUTZOTH AND KIBBUTZIM ON REGISTER, THEIR MEMBERSHIP AND RESOURCES

1921 - 1945

Year	No. of societids on register	No. of societies included in this table	No. of members	Share capital LP.	Reserves LP.	Loans received and amounts due to creditors LP.	Total resources LP.
1921	1	-	-	-	-	-	-
1922	1	-	-	-	-	-	-
1923	1	1	11	-	-	14,522	14,522
1924	1	1	39	-	-	15,355	15,355
1925	1	1	53	-	-	17,200	17,200
1926	1	1	53	-	-	17,300	17,200
1927	7	1	57	-	-	19,553	19,553
1928	12	2	108	-	197	47,600	47,801
1929	13	12	792	266	3,286	351,566	355,118
1930	15	12	794	496	3,673	421,774	425,943
1931	22	15	1,164	382	8,178	417,098	425,658
1932	33	24	1,849	1,604	21,536	525,830	548,970
1933	58	38	3,148	2,330	94,762	627,075	724,067
1934	65	50	4,569	2,783	82,907	778,098	863,788
1935	85	70	8,644	3,336	134,404	1,056,812	1,194,552
1936	100	80	11,531	7,795	166,742	1,324,090	1,498,627
1937	110	96	12,546	9,372	176,336	1,624,018	1,809,725
1938	122	112	14,441	30,367	134,427	1,841,678	2,006,472
1939	133	120	14,507	30,326	172,402	2,128,461	2,331,189
1940	139	133	16,447	71,526	228,261	2,554,596	2,854,383
1941	150	142	16,772	40,378	444,004	2,795,012	3,279,394
1942	142	141	17,527	116,634	725,189	3,455,984	4,297,806
1943	142	137	17,952	108,013	926,615	4,634,591	5,669,219
1944	142	135	18,189	109,452	857,380	5,968,136	6,983,968
1945	148	141	19,182	123,588	950,748	7,426,416	8,500,752

Source: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development During the Years 1921 - 1937, Jerusalem, 1938; figures for 1938-45 obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

g. To supply all the social, cultural and economic requirements in the settlement and to undertake all steps deemed necessary for improving these conditions, and, in particular, to establish and maintain day nurseries, kindergartens and schools for the education and training of the children, to establish and maintain in the settlement public institutions and services and, in general, to undertake all activities which customarily are undertaken by village authorities.

Set-up and Operation of a Communal Settlement

These societies are commonly divided into three categories and are distinguished by their Hebrew denominations of "Kvutzot" and "Kibbutzim" and "Kvutzot Hachshara" (the literal translation of which are "communal groups", "communities", and "communal groups in training".

The first and second category usually includes societies which are permanently settled in a fixed locality, which have obtained their full requirements in land and working capital and which concentrate their activities on the first of their stated objectives, namely, the development of a cooperative village. These societies are primarily engaged in agriculture and rely only to a small extent on outside work to supplement their revenue during the slack season on their own farms.

The third category includes societies which are not yet permanently settled, which live in temporary buildings and depend largely

for maintenance on the wages earned by their members on labor outside the settlement. Agriculture on their own small farms yields only a subsidiary income. Most of these societies are, accordingly, in a stage of transition and will one day become members of the first category.

The three categories have identical constitutions, and with few exceptions, their members are affiliated with the General Federation of Jewish Labor.

The Kvutzot and Kibbutzim with labor memberships are federated with "Nir, Hevra Shetufit Lehityashvut Ovdim Ivrim, Ltd.", a central colonization society organized by the General Federation of Jewish Labor. They are further affiliated with an audit union established by the Jewish Agricultural Workers Union.

The Kvutzot, the Kibbutzim, and the Kvutzot Hachshara are legally constituted bodies with perpetual succession. Members are admitted or expelled by the general meeting. The society owns all the property in the settlement. The member owns nothing privately. Even the clothes he wears and the books he reads are the property of the society. The society is governed by an elected committee which forms itself into sub-committees. These committees allot to each member his work, whether inside or outside the farm. Inside the farm there are no fixed hours and the members are transferred from one kind of work to another at regular intervals. They receive no wages.

When members are sent outside the farm to work, their entire earnings go to the society. The members receive their food from the

common kitchens, their clothes from the common store houses, their pocket money from a common purse and have their lodgings in common buildings.

Married members have separate cottages and apartments and children are kept in common day nurseries. The individual member owns nothing personally and has nothing to sell. If he leaves the society, he takes nothing away with him just as he is not required to bring anything with him when he enters.

The society begins to operate entirely on borrowed capital. Its land is obtained on long term leases. It raises one or more loans for the construction of farm and other buildings, for the purchase of cattle, implements, machinery, seed and for all other requirements and working expenses.

Some of the larger societies have established rural workshops and factories of considerable size. These societies are able to launch themselves entirely on borrowed capital because the Jewish colonizing institutions have included this form of settlement in their colonization policy. The produce of these societies is sold collectively, either to or through cooperative marketing societies or in the open market. Any surplus of revenue over expenditure is retained by the societies as a reserve. The society maintains all communal institutions. clubs, hospitals and schools and pays the expenses of outside hospitalization or education when this is necessary. The society also undertakes the support of the dependents of its members, mainly aged parents, who in many cases reside outside the settlement.

In short it may be said that these societies constitute communal

groups which pool their earnings, keep common household and are primarily engaged in agriculture.

The Kvutzot as well as the Kibbutzim are established on land of the Jewish National Fund or on land leased from the P.I.C.A.[1] The number of Kvutzot at the end of 1946 was 166, and the number of their members amounted to nearly 20,000. If the families of the members are to be included, then these societies had a population of about 35,000 or about 17 per cent of the total number of Jews living in agricultural communities. In this connection it is to be noted that in the Kvutzot and Kibbutzim the wives of members are members themselves, with equal rights and duties.

The area of agricultural land of a Kvutza may vary from 350 dunams to 11,000 dunams, the average being 2,728 dunams or an average of almost 18 dunams per member. The area of a Kvutza is not based on a calculated theory, but on the size of its membership and on the methods of cultivation employed. Some Kvutzot, by using very intensive culivation, support a large membership on a very small area. This is the case particularly with Kvutzot located in the neighborhood of urban centers.

The area of a Kibbutz may vary from 10 to 300 dunams, the average being about 25 dunams, or about a little less than one dunam per member.[2]

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[1] Palestine Jewish Colonization Association.

[2] Samuel Edwin, op. cit. Chap. I.

In order to remove any misconception which may exist regarding the nature of the Kvutzot and Kibbutzim, it is necessary to state, that for all their apparent similarity to collective farms of the type known as kolkhoz in the U.S.S.R., there is no basic identity between them. Indeed the two types have little in common, either in origin or method of work, and any apparent similarity fades away on closer examination.

Just to digress fro a while - here is a brief description of the Russian Kolkhoz:

The collective farm in Russia is a former village of individual owners converted into a leaglly constituted body with perpetual succession. Members are admitted or expelled by the general meeting. But, its property includes only the cultivable lands and common pasture of the village, the central farm buildings and buildings used for social purposes, draught animals, implements, machinery, and the common herd of cattle and poultry.

The farms are governed by a paid, oommittee. The actual work on the farm is carried on by brigades, each under a brigade leader appointed by the committee. The number of brigades varies with the size of the farm and the nature of the work. Hours of work are fixed seasonally. The production of the farm is controlled by the State, each farm receiving annually a production plan. The plan is carried out on the responsibility of the committee but under the supervision of an agricultural expert of the State.

The members are paid cash wages and also a wage in kind. These payments are calculated on the basis of the "working day". It is not a

unit of time. All farm labor is divided in groups, a day's work of each group being counted as a smaller or larger fraction of the labor day as the case may be.

A member may receive higher wages if the quality of his work is above a certain standard, and he may be fined if the quality falls below it. In addition, he receives an allowance of grain and other produce which he is free to sell. Finally, he lives rent free and has the produce of his own garden and livestock which he may either eat or sell. Each farm is an isolated unit from the administrative point of view. Each farm has its own school, day nursery for children, and hospital dispensary.

This thesis will not attempt to compare the two systems or to give an assessment of their respective merits or demerits. Such a comparison, as well as the stability of the Palestine society, the effect of its internal growth, its future generally, the efficiency of collective farmiing and its soundness from an economic point of view must be left to the social student.

The following observations are relevant, however, and I am quoting, in part, from the Report on Cooperative Societies in Palestine by the Registrar of Cooperative Societies for the Palestine government:

"Of late ther has been a growing tendency among some mebers of the Palestine societies to revert to a sy tem of collective farming, but individual living".

The returned soldier, who for so long has been tied up with communal dining room, is striving to break away from accepted Kibbutz principles

in what concerns the household. On the other hand, the benefits of collective ownership of land, cattle and machinery and joint enterprise, are not underestimated.

The proposed system of collective farming but individual living would develop settlements on the following lines:

The farms would be held collectively. Every member would be an employee of the society, but he would have his private cottage and household. Every member would be paid a daily wage in respect to the work done by him and would share in the profits of the society on this basis. Members would be mutually liable in case of illness or invalidity. The education of the children would be undertaken by the society. This is the "Meshek Shituf" type and has acquired a considerable following among ex-servicement settlers for precisely the reason stated above.

The Kvutzot and Kibbutzim aim to build up sufficient capital of their own in the same manner as credit societies or societies or producers, which also start on borrowed capital. They do not ignore the fact that it may be a lengthy process. But they are proud to bpoint to the actual achievements of some Kvutzot, which after several years of existence are in a position to show the beginnings of an accumulating reserves. Some Kvutzot have even commenced to make repayments on account of loans and interest.

The Kvutzot serve as absorbing centers for large numbers of new immigrants and as training grounds for agricultural laborers. These services which the Kvutzot render to the Jewish colonizing organizations have their value and should be included in any calculations which are

made of the cost and of the returns of these collective settlements.

From the point of view of the community, the Kvutza offers all the advantages of controlled and planned mass production. It is well-known in Palestine that for high quality products, un-adulterated milk, pure cream and exotic vegetables and fruits, one can always turn to the Kvutzot. There are few other institutions in Palestine which have acquired such a reputation or which have developed specialized farming for the market to such an extent.

The Kvutzot also played a large part in increasing the food supplies for the allied armies in the Middle East during World War II.

Societies for the Management and Development of Smallholders Settlements

The objects of these societies as defined in their rules are as follows:

a. To organize and bring about the settlements of their members as farmers.

b. To enter on behalf of their members into collective agreements for the acquisition of lands or rights in lands for the settlement of members and to arrange for the partition of such lands and their allocation to their members.

c. To organize in the settlement collective activities of production, cultivation, sale or purchases.

d. To maintain in the settlement public institutions and other communal services and generally to undertake any of the functions that are customarily performed by local village authorities.

Unlike the collective settlements, the settlers in these societies are individual cultivators, either proprietors or tenants of their own holdings. Work outside and inside the settlement is carried out on an individual basis, every member being entitled to the proceeds of his labor.

Farms are held and managed individually, but certain branches of farming and works are undertaken collectively. The society lays down the farming plan in the settlements, and to a certain extent supervises the work of the individual members.

Every member is bound to participate in any economic or culturl

TABLE V

SOCIETIES FOR THE MANAGEMENT AND DEVELOPMENT OF SMALL HOLDERS SETTLEMENTS ON REGISTER

THEIR MEMBERSHIPS AND RESOURCES (OWN AND BORROWED)

1921 - 1945

Year	No. of societies on register	No. of societies included in this table	No. of members	Share capital LP.	Reserves LP.	Depsits LP.	Loans received and amounts due to creditors LP.	Total resources LP.
1921	-	-	-	-	-	-	-	-
1922	2	-	-	-	-	-	-	-
1923	2	1	57	3,202	-	-	273	3,475
1924	4	2	282	11,352	47	-	363	11,762
1925	7	4	908	30,307	4,168	-	15,219	49,694
1926	7	4	923	31,126	4,172	-	15,339	50,637
1927	7	4	1,010	47,893	2,889	-	32,184	82,966
1928	7	4	1,031	55,859	1,729	417	45,765	103,770
1929	7	4	1,035	68,846	4,742	413	34,933	108,934
1930	9	4	1,138	79,266	8,825	208	29,842	118,141
1931	17	5	1,228	83,130	11,090	208	31,908	126,336
1932	27	9	1,683	92,387	27,993	208	37,842	158,386
1933	40	23	1,975	78,337	31,471	1,233	67,609	187,650
1934	51	31	2,401	90,998	42,929	536	108,140	242,594
1935	67	50	3,453	170,911	40,511	478	150,053	361,953
1936	69	62	4,097	202,713	53,259	1,814	286,139	543,925
1937	81	64	3,911	177,390	52,062	202	342,241	571,895
1938	86	77	4,614	216,108	46,375	237	419,465	682,184
1939	88	78	5,189	207,449	50,849	207	428,808	689,309
1940	92	88	5,122	215,043	68,508	217	299,374	783,142
1941	94	89	4,995	206,888	70,656	-	623,018	900,562
1942	92	89	4,935	178,176	110,427	-	696,714	985,317
1943	92	88	5,011	199,859	128,527	-	905,363	1,233,749
1944	94	88	4,954	223,783	187,166	-	1,105,923	1,510,943
1945	97	84	4,930	225,783	218,066	6	1,362,044	1,803,893

Source: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development during the Years 1921 - 1937, Jerusalem, 1938; figures for 1938 - 1945 were obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

enterprise undertaken by the society collectively on a decision of the majority of members in general meeting. In addition, members are bound to observe certain principles in thw working of the farms and in the general conduct of their affairs.

The collective undertakings usually carried out by these societies are:

a. Collective cultivation of certain areas and products.

b. Collective irrigation and water supply.

c. Collective sale of products and purchase of requirements.

d. Collective use of agricultural machinery and storage.

e. Collective guarding of property.

In addition to these collective undertakings, the societies negotiate loans for the settling of members against the security of their individual holdings. In some cases the societies agree to act as surety for such members. The societies further manage institutions of mutual aid and provide education facilities for the children of members. In some settlements the cattle, stock and property are insured on a mutual basis.

Members pay fixed fees and charges for all the specific services which the society provides. In addition an "income tax" is levied to cover the cost of social services and mutual aid untertakings in the settlements. Where a society engages in any activity on behalf of a group of its members any loss arising out of such activity is borne by these members alone.

In some cases these societies transfer part of their activities to special cooperative societies formed for specific purposes such as

consumers or irrigation societies.

Of the societies on the register at beginning of the year 1946 there were 97 societies which are commonly known as Moshavey Ovdim[1] (Workers' Settlements) which were affiliated with "Nir Hevra Shetufit Lehityashvut Ovdim Ivrim" Ltc., which acts as a central colonizing agency of the General Federation of Jewish Labor. The central society negotiates with the Jewish colonizaing institutions for the aloocation of land and loans for the affiliated societies and further regulates the admission of members by such societies. There is always a long list of candidates for these societies and, while the societies are allowed a free choice of members, certain priority rights have to be observed. The central society is therefore given certain powers in the rules of affiliated societies in connection with the admission of members as well as with the decisions concerning liquidations or voluntary dissolutions.[2]

The affiliated societies are based on four principles, namely:

a. National land.

b. Self labor and non-exploitation of others.

c. Mutual aid in all walks of life.

d. Maximum measure of self-sufficiency in production.

They include in their functions such matters as joint contracting for work outside the settlement, collective education of the children of

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1 Year-Book of the Cooperative Movement in Palestine, Isaac Avinary, editor, Tel-Aviv, 1947 p.35 (in Hebrew).

2 Ibid, Sec. II.

members and mutual aid in the case of illness or invalidity. In the case of the death of a member, the society remains responsible for the upbringing of his children until they reach an age when they can take over the farm. If a member is ill the society looks after his farm during his illness. If a member loses an adult member of his family the society provides the necessary help. These societies assume mutual liability for loss or damage to the property of members and for a minimum income from the farms. The wives of members are also treated as members with full voting powers.[1]

On the whole, these societies are well organized. In some of them, however, the transfer of certain functions to separate societies leads to unnecessary duplication and overlapping. Besides, it results in uncontrolled borrowing from various sources. The audit union of agricultural societies has made great efforts in its affiliated societies to suppress separate societies and to effect an amalgamation of their functions.[2]

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[1] Shalom Wurm, The Kvutza, Habonim, 1942

[2] Government Report, loc. cit. part II

General Agricultural Societies

The General Agricultural Societies are modelled on the lines of the Raiffeisen societies. Their functions are:

a. Collective marketing of members' produce.

b. Collective purchasing of their agricultural needs.

c. Promotion of better farming methods.

d. Acquisition of agricultural machinery

e. Promotion of other collective activities, such as irrigation, in connection with the agricultural undertakings of members.

In some cases these societies do not embrace all the cultivactors in a settlement but are limited to a certain group with more or less identical requirements or methods of cultivation.

The objects of a society of this type as defined in its rules are as follows:

a. To provide for the better marketing of its members' products.

b. To purchase collectively its members' agricultural requirements.

c. To arrange for the supply of water for irrigation and domestic purposes.

d. To promote better farming methods and encourage its members in the use of pure seeds, fertilizers, and improved agricultural implements.

e. To provide for collective measures against pests and diseases.

f. To obtain funds to be lent to its members for agricultural purposes against material security.

g. To assist in the amicable settlement of disputes between members

TABLE VI
GENERAL AGRICULTURAL SOCIETIES ON REGISTER
MEMBERSHIP AND RESOURCES
1921 - 1945

Year	No. of societies on register	No. of societies included in this table	No. of members	Share capital LP.	Reserves LP.	Deposits LP.	Loans received and amounts due to creditors LP.	Total resources LP.
1921	-	-	-	-	-	-	-	-
1922	-	-	-	-	-	-	-	-
1923	1	-	-	-	-	-	-	-
1924	1	1	155	3,875	16,665	-	9,745	30,285
1925	3	1	153	4,025	23,941	-	2,174	30,140
1926	5	2	182	3,985	19,969	-	24,462	48,516
1927	5	3	208	4,115	19,693	-	27,149	50,957
1928	6	4	224	4,275	26,640	-	24,395	55,310
1929	8	5	257	8,221	27,270	-	29,017	64,508
1930	8	6	310	10,123	27,022	-	27,459	64,604
1931	9	6	326	11,062	19,347	-	44,712	75,121
1932	9	6	391	11,845	20,075	-	50,006	81,935
1933	14	8	490	15,780	21,298	-	58,797	95,875
1934	18	9	575	19,395	25,166	-	73,267	117,828
1935	23	16	766	43,165	30,643	1,255	96,342	170,793
1936	28	17	863	46,940	39,643	357	107,415	194,355
1937	31	23	1,139	54,397	58,397	1,162	143,449	247,837
1938	36	30	1,518	61,108	58,825	3,118	154,386	277,437
1939	35	33	1,602	60,365	45,063	4,877	176,385	286,890
1940	48	40	2,647	47,728	73,149	5,406	229,768	356,051
1941	52	43	2,230	46,494	87,989	3,071	239,543	377,098
1942	57	52	2,504	53,511	102,646	22,027	302,053	478,237
1943	66	58	2,773	59,556	120,931	-	383,663	564,150
1944	89	64	2,833	84,674	158,791	-	419,683	663,147
1945	102	73	3,386	102,679	193,483	-	510,987	807,149

Source: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development During the Years 1921 - 1937, Jerusalem, 1938, p. 85; figures for 1938 - 1945 were obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

and to discourage unnecessary litigation.

h. Generally to do all things necessary for the introduction of collective activities for the benefit of its members.

The number of these societies will be found to be small and the range of their activities limited in comparison with other societies serving the agricultural community. The conclusions which may be drawn from this comparison are two. They are:

First, agricultural societies based on the pure Raiffeisen model are not suitable for an agricultural community in which the chief need is to equip and maintain a number of new agricultural units. They are best suited to stable communities with uniform methods of cultivation and a prepondenrance of persons of the same social level.

Second, Jewish cooperation has not yet discovered the right type of society for the agricultural population of Jewish settlements. Opinions of cooperative workers are still divided on the question whether agricultural societies should be general societies undertaking to serve their members in all their requirements connected with cultivation and consumption or whether the societies should be of specific types, each one undertaking a definitive and appointed service, such as dairies, consumers, sale and purchase, irrigation, credit, etc.

Even in the labor settlement, where the settlers are more or less ideologically, socially, and economically of one and the same class, no uniform type of agricultural society exists. Both the settlers and their central organizations have been trying to discover by experience the most suitable methods. For this purpose, some societies have been amalgamated, while others have had their functions divided and subdivided.

III. COOPERATIVE MARKETING SOCIETIES

The gap between the prices which producers of agricultural products receive for what they have to sell and the prices paid by consumers for these same commodities is a wide one everywhere.

This difference in the price level is largely the result of high costs of distribution. Cooperative marketing societies aim at improving marketing methods in order to enable the producer to get for his produce a larger share of the consumers' payment, which shall cover adequately the legitimate cost of production.

This object can be achieved in some degree by making collective bargains and by relieving the individual producer of all the responsibility for bargaining and, as far as possible, from anxiety as to the trend of prices during the season.

While most products can be absorbed in the local markets, citrus fruit, and to a certain extent wine and tobacco, have to be exported to foreign markets. The marketing societies may be divided up accordingly into two types, namely: societies which undertake marketing operations in local markets, and societies which deal in foreign markets.

About 80 per cent of the produce of the Jewish cultivators is marketed cooperatively. At the end of 1945 61 societies were engaged in the marketing of Jewish products, most of which were citrus, wine, tobacco, milk or citrus by-products, while some societies undertook the marketing of several products such as milk, dairy produce, vegetables, poultry, farm products, and fruit.

The constitutions of all these marketing societies are identical in their essential points. They all have a share capital or a contribution fund to which members subscribe in proportion to the amount of their turnover with the society. Members nominally have one vote, but enjoy additional votes on the basis of patronage. Membership is restricted to producers of a certain minimum quantity. All societies provide for the accumulation of reserves to be used in the equipment of central distributing agencies and plants. These funds are raised by regular deductions from the proceeds of sales and are usually not refundable.

All societies are non-profit making and do not undertake to sell at any fixed price. The payment to members represent the full proceeds from sales less administration and marketing expense and, as is already mentioned, deductions for reserve funds.

Some of the societies are primary societies in as much as they serve individual cultivators or producers; others are central organizations serving cooperative societies and other corporate bodies. Some sell on a pooling basis while others return to the producer the price of his products after deducting the cost of marketing, plus a contribution to the central institutions of the soceity.

The Agricultural Cooperative Movement not only succeeded in maintaining its existing framework under war conditions, it expanded still further, despite the lack of preparation on the part of the authorities who, disregarding repeated warning, failed to make adequate arrangements and to accumulate stores of agricultural production, such as seeds,

TABLE VII
DEVELOPMENT OF TNUVA SOCIETIES
1921 - 1945

Year	Income from produce: Milk & milk produce, LP.	Income from produce: Eggs, vegetables, poultry & fruit, LP.	Total LP.	Quantity of milk marketed, units of lit.	No. of eggs, units	Poultry kg.	Bananas kg.	Grapes kg.	Other fruits kg.	Vegetables & other produce (value) LP.
1921	545	-	545	96,063	-	-	-	-	-	-
1922	10,500	-	10,500	225,884	-	-	-	-	-	-
1923	13,094	-	13,094	430,299	-	-	-	-	-	-
1924	19,651	-	19,651	711,000	-	-	-	-	-	-
1925	35,208	4,912	40,120	1,132,000	-	-	-	-	-	4,912
1926	45,490	7,784	53,274	1,329,000	-	-	-	-	-	7,784
1927	46,568	11,500	58,068	1,750,000	70,238	-	-	-	-	11,136
1928	53,617	16,762	70,379	2,184,000	365,206	-	-	-	-	15,023
1929	63,737	32,473	96,210	2,655,000	1,000,101	48,210	157,100	341,800	6,150	12,896
1930	82,453	65,649	139,102	3,655,000	1,650,963	75,132	753,246	632,800	25,867	15,569
1931	90,107	50,030	140,137	4,730,194	3,811,138	93,781	742,055	490,600	14,722	12,166
1932	113,778	60,532	174,310	5,596,686	3,811,138	98,630	390,252	459,429	34,605	22,162
1933	134,902	73,324	208,226	6,797,955	3,857,765	98,621	376,602	533,911	22,422	29,981
1934	188,820	98,770	287,590	8,795,749	4,118,581	120,216	454,886	749,829	63,582	42,847
1935	287,612	116,812	404,242	12,175,432	5,996,335	140,903	315,253	734,458	46,423	52,568
1936	347,365	205,541	582,906	18,074,557	11,259,513	230,986	528,221	1,070,309	90,879	94,304
1937	330,590	236,122	566,712	18,753,226	15,588,381	279,589	434,813	1,538,287	228,704	110,867
1938	301,396	254,729	556,125	17,687,600	16,690,892	336,530	1,228,257	1,636,563	330,339	-
1939	274,388	311,060	585,448	16,335,000	20,021,821	407,352	1,613,137	2,126,633	448,416	-
1940	317,155	384,995	702,150	16,787,000	24,453,130	460,098	1,968,300	2,460,475	773,149	-
1941	471,205	584,133	1,055,338	18,950,000	22,007,000	514,435	2,953,663	2,119,447	822,890	-
1942	793,088	1,277,050	2,070,138	22,007,000	21,076,000	441,665	2,552,565	2,687,676	1,730,747	-
1943	1,122,000	2,045,000	3,167,000	22,700,000	18,023,000	579,000	2,245,000	2,406,000	2,888,000	592
1944	1,490,000	2,643,000	4,950,000	26,416,000	21,600,000	633,000	2,864,000	2,837,000	2,173,000	1,130
1945	1,844,000	3,106,000	4,950,000	26,496,000	22,448,000	755,000	2,086,000	2,455,000	2,338,000	1,628

Source: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development During the Years 1921 - 1937, Jerusalem, 1938, p. 197 figures for 1938 - 1945 were obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

fertilizers, agricultural implements and tools. Labor Agriculture had fulfilled for itself many of these tasks, and did much during the war years to supply essential foodstuffs to the rural and urban population, as well as to the Allied Forces stationed in Palestine.

"Tnuva"

By centralizing sales in the hands of its Cooperative Marketing Agency "Tnuva", Agricultural Cooperation proved an important factor in checking profiteering, which derived no little stimulus from the failure of the authorities to bring supplies and prices under control. It could have rendered much greater service, however, had the government enlisted its assistance and advice with regard to price control, organized marketing, and participation in the supply bodies set up to deal with these matters.

The following figures reflect the growth and development of "Tnuva", the Gentral Cooperative Settlements:[1]

	Milk and Dairy Products LP.	Eggs, Vegetables and Poultry LP.	Total LP.	Milk in 1000 litres	Eggs in 1000's
1933	133,500	73,500	207,000	6,800	3,850
1939	317,000	387,000	704,000	16,800	24,500
1941	417,000	582,000	999,000	18,000	22,000
1945	1,850,000	3,100,000	4,950,000	24,400	21,600

[1] A. Zabarsky, loc. cit. p. 13.

[illegible]

[illegible]

[illegible]

Mention should also be made of "Tnuva Export", the special co-operative for the export and marketing abroad of the citrus fruit grown by the Cooperative Labor Settlements. In the last pre-war season, the fruit shipped by "Tnuva Export" amounted to 1.. million cases out of the total Jewish citrus exports of 8.5 million cases that season.

During the 1945-46 season, when exports were first resumed after the war, "Tnuva Export" shipped 400,000 cases of citrus to England. It also sold 3,500 tons of fruit locally to the militray authorities. This cooperative had 72,00 Palestinian pounds of its own capital at the end of 1944.[1]

Citrus Marketing Societies

In the years prior to World War II there had been a phenomenal development of the citrus industry. The cultivation of oranges on a small scale had been a feature of certain areas in the central maritime plain for many decades. In the Acre district oranges were planted early in the 17th century, and many of the groves in other parts of the country are 60 to 70 years old.

But the expanse of the industry is as recent as 1937 and large stretches of the maritime plain are now dotted with citrus plantations. In 1939 there were an estimated 299,000 dunams under citrus cultivation in Palestine. More than half is Jewish owned. Approximately ten per cent of the area is planted with grape fruit and the balance with oranges.

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[1] A. Zabarsky, loc. cit. p. 14.

Some areas of lemons have also been planted.[1]

During the years of the second World War the area diminished as quite a number of plantation growers were unable to maintain their grove.

However, for some years after the first World War, the citrus industry boomed, The planters prospered. What always happens in such cases duly occured. News of the profits resulted in an "orange rush". Thousands of people sank their capital into establishing thousands of dunams of new plantations. Even if the prices of other products had remained what they were in 1920 after the war, a slump in citrus fruit would have been inevitable. It is plain, logical economics that if the output of a commodity is suddenly doubled without doubling its consumption, the market cannot be expected to remain stable. The truth of this is obvious, but this knowledge has never sufficed to stop the rush into any business that seems to be doing well at the moment.

Palestine has suffered from a similar experience with tobocco, wine, etc. The moment that the producers see what they suppose to be a "good thing", they fling themselves into it and automatically convert it into a "bad thing". Each one believed that he may be the exception to the rule, and under this delusion many citrus planters started their plantations uneconomically.

In the first place they paid very high prices for the land, and

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[1] Consumers Cooperatives, a guide book by Hamashbir Hamerkazi and Co-op. Audit Union, Tel-Aviv, 1946 (in Hebrew).

sank heavy capital into the development of the plantations. In many cases the investments were made with borrowed funds. Thus the yield of citrus fruit rose from 1,135,073 cases in 1913 to 14,345,000 in 1938.[1] Of these 11,845,000 cases were exported, (including 445,000 cases in bulk), while 2,500,000 cases were consumed locally as fresh fruit or converted into by-products.

Marketing of Palestine citrus fruit is done through cooperative societies, brokers, or small merchant speculators. Cooperative marketing of citrus is confined to Jewish growers. Their 36 cooperative societies handled, during 1936-37 season 5,664,333 cases out of a total of almost 11,000,000 cases exported from Palestine by all growers.[2] This figure represents about 95 per cent of the total cases exported by Jewish growers during the same period. The balance of the crop is sold to exporting brokers or merchants who often secure their supplies by speculative purchases of fruit on the trees.

The Jewish cooperative citrus marketing societies do not adhere to uniform methods. Some undertake the packing of fruit of their members in central packing houses or in the private packing shed of the member. They sell on a pool system which is regulated by shipping periods or in some similar manner. Other societies leave the packing to be carried

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[1] The Palestine Agricultural Economy Under War Conditions, Audit Union of the Workers' Agricultural Cooperative Societies Ltd., Tel-Aviv, 1946.

[2] Government Report, loc. cit. p. 93.

out by their members under the supervision of the society's inspectors. They account to each member for the sale of his fruit which bears an identifying number, or they allow a group of members to arrange their own pool. During 1936 and 1937 a number of societies were registered which do not undertake direct marketing of foreign markets. Their activities consist in preparing their members' fruit for market, obtaining advances and arranging for the transport of fruit to collecting stations. The actual marketing is carried out through one of the larger societies.[2]

All societies provide the packing materials and transport the crops from collecting stations to centers of export. The advances granted to the growers are paid in several installments. Usually, one installment is given in early spring and represents the cost value of the crop to the grower. A second installment is given at the beginning of the shipping season and represents the labor costs for picking, packing and transportation to the collecting station. The advances are given on the basis of the quantities of the previous years' crop as amended by a valuation committee which makes its estimate in the early spring. Members are advised in due time of shipping dates and of the quantities, grades and marks which they are expected to supply for each shipment.

In the cases of societies operating without a pooling system, the

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[1] Government Report, loc. cit. p. 94.

quantities which members are required to supply for each shipment are regulated during the season in such manner that results are equalized, more or less, at the end of the season.

This is very difficult to accomplish,however, and in many cases there are considerable margins in the results. There is a growing realization that all societies will be forced to adopt some sort of pooling system in order to equalize results in fluctuating markets. The difficulties involed in devising a fair pooling system are great in view of the immense differences in the quality and counts of fruits produced in groves of different ages, situated in different soils and handled in different ways. Even societies which operate on a pool basis are not satisfied that their system is fair and a considerable amount of experimentation is still in progress.

All societies are under the control of elected councils of members. In most societies the managers themselves are also members. It cannot be stated that this form of management is generally successful, more especially in the case of the very large societies which include members from many localities and which are responsible for the sale of millions of cases of fruit annually. It is doubtful whether local growers possess the necessary experience in dealing with foreign markets. There are other technical matters in the management of this type of society which require special qualifications. It would be better for these societies to restrict the functions of their councils to matters of local concern. The organization of shipments and sales require expert handling.

Many attempts have been made to coordinate the activities of the

citrus marketing societies with a view to eliminating competition between them. Discussions have been in progress for several years as to the possibility of establishing a central selling agency for the marketing of the societies' crops or for the complete absorbtion or combination of all societies into one central organization. Advocates of this amalgamation or centralization have been increasing in number as a result of the bad citrus seasons. But opinions, prior to the war, were still divided concerning the benefits of such organization which would only embrace part of the Jewish owners and would leave some 60 per cent of the country's crop to the devices of individual shippers.

It is obvious that, as the citrus industry develops and the Palestine groves reach their full bearing capacity, the problem of marketing will have to be tackled more firmly. The only equitable method of marketing is that which secures for the grower a fair return, and for the consumer a regular supply of good quality products. In the case of citrus, as in the case of other perishable products grown in large quantities, the only alternative to organized marketing by the producer is marketing through speculative buyers. If these speculative buyers are unites as a "ring" they will have the grower completely at their mercy. They can dictate prices and regulate quantities to serve their own ends. Organized marketing is the only form which can protect the grower against this danger, and any measures, compulsory or otherwise, which would safeguard the growers of a stable crop from ruin would be justified.

During the war the entire citrus industry was put to great strain.

With little or no shipping facilities Palestine's large crop found its normal overseas markets out of reach. The position of growers became more and more precarious. The workings of the citrus marketing co-operatives came to a standstill and normal overhead expenditures could not often be met easily. The big Pardess society went into liquidation, but was reconstituted shortly before the end of the war.

At present, with the revival of citrus export, all the important citrus marketing organizations have joined into one central merketing society called "Pardess Syndicate of Palestine Orange Growers, Ltd." This society is the biggest single citrus marketing agency in Palestine.

"Pardess"

"Pardess" (Aguda Cooperativit shel Pardessanim Limited) was first established in 1896. As such it was not only the first citrus marketing society but the first cooperative enterprise in Palestine. The original objective of Pardess was to organize all Jewish citrus growers into one collective organization. In 1896 this did not seem a very daring or too ambitious an interprise.[1]

At the time the Jewish area under citrus cultivations was very small and the number of citrus growers was insignificant. But even this small number refused to work together. Their sense of individualism was too strong and Pardess met with strong opposition from the outset. As time

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[1] "Pardess" (Aguda Cooperativit shel Pardessanim Limited), Annual Report, Tel-Aviv, 1939.

went on this opposition alternately weakened or increased. The membership of Pardess fluctuated considerably. The causes of these fluctuation were not only inherent in the individualism of the growers, but outside factors also added their weight from time to time.

When the citrus industry was having a periodical boom and speculative buyers offered the growers good prices for fruit on the tree, few growers could resist such temptation and left the society. Whenever the boom came to an end some growers would return to Pardess. Others started new societies. With the enlargement of the area under citrus cultivation new societies sprang up everywhere. At the end of 1937 the Jewish citrus crop was handled by 36 cooperative societies and by a number of private firms which undertook consignments to foreign markets.[1]

Some of these societies exported directly to the foreign markets, others sold their crops collectively through one central cooperative society and still others sold collectively to speculative buyers. A considerable number of growers remained outside all these organizations and continues to sell their crops individually to any buyer. For a number of years Pardess adopted a policy of exclusiveness in the admission of new members. This conservative policy, while succeeding in establishing the reliability of the trade marks of Pardess on all important markets, was also responsible for the multiplication of societies.

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[1] Pardess, loc. cit. sec. 2.

In 1930 the society changed its policy and returned to its original objective by opening its doors to new members.[1] It succeeded in its efforts to organize the majority of Jewish citrus growers in one organization, but it failed to put a stop to the process of disintergration. The citrus industry was now entering on an era of depression and it became apparent to all that a complete reorganization was necessary in order to avert a serious crisis.

Pardess made another effort to absorb all Jewish citrus growers, their societies and private firms and create one central marketing society, but it failed. The forces opposed to complete amalgamation were too formidable and other ways and means had to be explored in order to save the industry.

At the end of 1937 the original idea of one marketing society was abandoned and negotiations were initiated for the formation of a union of cooperative marketing societies and the creation of a top organization which would undertake the main commercial functions. These would include the collective shipment of citrus fruit, purchase of packing material, collective marketing and general supervision over grading and packing operations.

Under this scheme the primary societies were to remain self-ruling and were to be responsible for packing and picking, the distribution of packing material to members, the transportation of the packed fruit to

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[1] Pardess, p. 32.

rail-head or ports and to securing of advances on the crops of their members.

The Pardess society went into liquidation in 1941, but was reconstituted shortly before the end of the war. At present, with the revival of the citrus export, all the important citrus marketing societies have joined into one central marketing society called "Pardess - Syndicate of Palestine Orange Growers Ltd".

Wine Marketing Societies

The largest and best known Jewish wine marketing society is the "Agudat Hacormim Hacooperativit shel Yiveh Rishon LeZion ve Zichron Ya'akov Ltd". It was registered in 1927 taking over the large wine cellars at the settlements of Rishon LeZion, Zichron Ya'akov, Rehovoth and Gedera which were constructed at considerable cost by Baron Edmond de Rothschild in 1890. Until 1911 the cellars were administered by the Baron's representatives. They carried on business of manufacturers of wine and other spirits out of grapes purchases at a fixed price from the farmers from the above-named settlements. They also spent large sums on increasing viticulture and granted loans to farmers to enable them to enlarge their vineyards.

In 1911 the vintners organized themselves into a collective group which leased the cellars from Baron Rothschild and assumed nominal control of the business and of the plant.

In 1927 this group was registered as a cooperative society. By the terms of the lease the Jewish Colonization Association (the association

established to administer and carry on the undertaking of Baron Rothschild in Palestine) is represented on the committee of management of the society and has a voice in the appointment of its manager.

Under the present rules of the society all members are required to take up an equal number of shares in the capital of the society. The value of each share is one Palestine Pound. In addition the members are required to deliver their entire output to the society. The rules do not fix a minimum quantity. This rather loose arrangement has caused some difficulties to the society during recent years in view of the fact that some members have ceased to be wine growers, having gone over to citrus growing instead. A revision of the society's rules is under consideration.

In other respects the society follows the practices of cooperative marketing societies. Members receive advances on their crops based on the aggregate average for threee previous years. Where too much has been paid a deduction is made during the following seasons. The entire proceeds from the sales are distributed among the members in accordance with the grades and quantities delivered by them. The society has a considerable local market but it depends on foreign markets for about 30 per cent of its sales.[1]

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[1] Government Report, loc. cit. p. 93.

Cooperative Marketing of Milk, Vegetables, Eggs, Poultry, and Fruits

The growth of mixed farming in recent years has been almost as rapid as that of the citrus industry. This development has been caused by the expansion of urban and industrial settlement, making the provision of a local food supply of high economic importance.

The societies which engage in the marketing of the above products work on the following principles:

a. The membership is confined to bon-fide producers who are either individuals, registered societies or corporate bodies.

b. The societies act as the agents of their members, who receive the full price realized for their products less a charge to defray administrative expenses, to provide for a reserve fund, and to pay for the cost of processing plants and distributing stations.

c. The societies do not trade or carry on any of their operations on behalf or for the benefit of any person who is not a member except when this is absolutely essential in order to protect members against harmful competition.

d. The operations of societies, through a restricted voting power is controlled by persons and not capital.

e. Any accumulated funds may be distributed only on the dissolution of the society.

f. Members are required by the rules of the societies to sell the whole of their crops through their societies with the exception of what they require for their own personal consumption.

This obligation to deliver all produce is inherent in the membership itself and no special contract in this regard is necessary between a member, whether an individual or a corporate body, and the society.

g. The rules of societies provide for the imposition of fines for disloyalty.

h. The producer reaches the consumer in many ways - distributors employed by the societies, contractors, sales agencies, consumers' stores, or stores owned by societies.

The progress of societies undertaking the marketing of milk, eggs, poultry and fruits since 1921 is illustrated in the following table (Table IX).

With few exceptions, local societies do not market independently but through four central organizations situated in the main distributing centers. The four central organizations, referred to as the "Tnuva" societies for marketing of workmen's produce at Haifa, Tel-Aviv and Jerusalem and the "Golan" central society for the marketing of agricultural produce at Tel-Aviv.

The Tnuva societies undertake the marketing of agricultural produce of all collective settlements (Kvutzot), smallholders settlements (Moshavei Ovdim) and other bodies of producers affiliated with the General Federation of Jewish Labor, whether registered as cooperative societies or not. The collective settlements are members in their own right as corporate bodies. The producers in the smallholders settlements are members, not as individuals but through special cooperative societies

which are formed locally for the purpose. In some cases the local societies are societies of producers and consumers while in other cases special marketing societies are formed. The membership of non-cooperative bodies is based on individual membership of the producers in the locality - but each locality is given the status of a definite unit for purposes of representation at general meetings. The Tnuva societies have no share capital. Members are required to make the following contributions:

a. A contribution to capital.

b. A contribution to special funds.

c. A contribution to institutions serving their own locality.

d. A contribution to central institutions.

e. Service fees.

All these contributions are based on a fixed percentage of the members' returns. This percentage is fixed annually by the general meeting. In addition, some members assume liability for the debts of the society to a total amount not exceeding three times the amount of their participation in the capital. Normally a member forfeits all his contributions on leaving the society, but in exceptional circumstances these may be refunded to him in ten annual installments.

The Tnuva societies have milk cooling stations and collecting centers in convenient localities. All products, including milk, are collected by cars of the Tnuva or delivered to the collecting stations by members in their own vehicles. The methods of grading and packing of vegetables, fruits, poultry and eggs are determined by the head offices of Tnuva

TABLE VIII
SOCIETIES UNDERTAKING THE MARKETING OF
MILK, VEGETABLES, EGGS, POULTRY AND FRUITS ON REGISTER
MEMBERSHIP AND RESOURCES
1921 - 1945

Year	No. of societies on register	No. of societies included in this table	No. of members	Share capital LP.	Reserves LP.	Loans rec'd & amts due to creditors, LP.	Total resources LP.
1921	-	-	-	-	-	-	-
1922	-	-	-	-	-	-	-
1923	-	-	-	-	-	-	-
1924	-	-	-	-	-	-	-
1925	-	-	-	-	-	-	-
1926	-	-	-	-	-	-	-
1927	7	-	-	-	-	-	-
1928	10	4	171	117	103	2,379	2,599
1929	11	7	256	2,343	2,459	15,409	20,301
1930	11	6	258	4,738	4,451	33,644	42,833
1931	11	6	252	6,171	7,808	48,399	62,374
1932	11	6	123	3,346	14,520	51,805	69,671
1933	11	6	121	3,645	21,812	55,022	80,479
1934	6	6	163	3,940	31,561	76,051	111,552
1935	10	6	176	4,551	45,026	130,922	180,499
1936	11	8	242	5,714	65,960	188,284	259,958
1937	12	9	278	7,614	77,417	222,741	307,772
1938	11	7	298	10,919	82,711	210,374	304,004
1939	8	7	252	8,348	95,116	241,726	345,190
1940	7	7	286	8,895	108,929	219,570	337,394
1941	9	9	268	51,189	89,974	238,457	379,620
1942	9	9	263	59,396	130,346	279,727	469,469
1943	9	9	266	80,462	165,263	287,341	533,066
1944	10	9	315	96,292	241,791	352,122	690,105
1945	11	9	309	122,122	315,464	441,709	879,295

Source: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development During the Years 1921 - 1937, Jerusalem, 1938, p. 95; figures for 1938 - 1945 were obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

which also supply all the packing and wrapping materials. The grading is actually carried out by the so-called produce committees on the spot.

Milk is collected similarly and delivered and its butter-fat content measured and recorded in the collecting stations. From these collecting stations products and milk are delivered or transported by rail or by truck to the distributing centers.

Vegetables, fruit, poultry and eggs are sold to contractors or in the open market. A small proportion is sold through special Tnuva shops. Milk is delivered to the central dairies. From these dairies fresh milk reaches the consumer by house to house deliveries carried out by contractors or by distributors employed by the society.

Recently, milk tanks have been installed in densely populated areas and housewives may collect milk from these stations at reduced rates. A quantity of milk is pasteurized or converted into butter, cheese, cream and several varieties of leben[1], and ice cream. The manufactured products are sold by private retailers or in special shops and restaurants of the Tnuva. Payment for the milk is not made, as in some countries, strictly on the basis of butterfat content, but the arrangement is made that milk with less than a certain fat content is not accepted and the remainder is paid for at a flat rate based on the monthly average of receipts from milk sold in all forms. The price is modified from time to time according to the fluctuations of the market.

As stated, there are three Tnuva societies with head-quarters at

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[1] Sour milk.

Haifa, Tel-Aviv and Jerusalem respectively. They are independent bodies registered as separate units but federated in one organization bearing the name of "Mercaz Tnuva" which simply means Central Tnuva. The object of this federal organization, which is also registered as a cooperative society, is to coordinate the activities of the three Tnuva societies, to direct their marketing operations, to deal with matters common to them all and to represent them before the authorities in matters affecting charges, customs duties and others. In addition to this federation there exist temporary arrangements between the three societies for the disposal of surplus products. Thus the Haifa society is a member of the other two societies and sells, through them, the surplus products which cannot be absorbed in the Haifa Area.

The other central organization of marketing societies is the "Golan Central Cooperative Society for the Marketing of Agricultural Produce". This organization was only registered in 1935 and its object is to make collective bargains on behalf of individual producers who are not affiliated with the General Federation of Jewish Labor. The individual farmers associated with Golan are members of local societies and deliver their products to contractors in the central distributing centers. (Up to 1937 they dealt only in milk products).

The contracts are negotiated by Golan on behalf of the local societies. Golan, unlike Tnuva, has no central institutions, as its chief object is collective marketing but not collective production.

Agricultural marketing societies expanded considerably during the war. Their expansion of cultivation so as to cope with the increased

demand for local resources reflected itself in the increased marketing volume.. The all-Palestine society of Tnuva is now responsible for the marketing of 70 per cent of the total egg, vegetable, milk and other produce of Jewish agriculture. In 1946 the value of its sales reached some six million Palestine Pounds.

Citrus marketing societies, on the other hand, suffered all through the war. It was only with the end of hostilities that they could look to better times.

An important post-war feature is the opening up of the Negev desert to Jewish pioneering settlement. The ultimate development of the area is dependent on large scale and country-wide developing and harnessing of water resources. In the meantime, a limited supply of water, carried by pipes, is expected to solve immediate needs.

All the new settlers in the Negev are organized either in collective or smallholders cooperative societies.

There have been many difficulties experienced in extending this form of cooperation in Palestine. Many farmers are ready to cooperate only when it suits their immediate purposes and to resign from the societies when conditions outside the cooperative fold appear more advantageous. It is a fact, nevertheless, that the attitude of the Jewish farming community is, on the whole, highly sympathetic toward cooperation. It is generally recognized that cooperation for marketing purposes offers at least a partial solution of many of the problems which the farmer has to face.

It is of paramount importance, therefore, that cooperative

marketing societies should gain a reputation of "good and prudent businessman". Any failure by a single cooperative undertaking may impede and hinder the proper expansion and development of the movement as a whole to the detriment of the farmer. The past management of cooperative marketing societies, even of those with a large turnover and those engaged in export trade of considerable magnitude, was largely in the hand of farmers with little commercial experience. Outside executive help had to be hired.

The qualifications required for a good business manager are generally quite different from those needed in any other vocation and they are highly technical and specialized. Prudence in capital expenditure is called for. Some societies have incurred higher capital expenditure than their turnover justifies.

In these cases the levies imposed on members for the purpose of such capital expenditure are excessive, more especially in bad seasons, when the returns from produce are apt to shrink. The cost of marketing and of other services is often too high and some societies have become too bureaucratic in their dealings with members. The pool system prevalent in some societies is not sufficiently understood by some members and such misunderstanding is often a cause of grievance, imaginary and real. A thorough inquiry into, and clarification of, the pooling system of the citrus marketing societies is certainly called for.

There is room for much improvement in the methods of distributing products to local consumers, especially in the case of milk and dairy products. The main object of a marketing society is to reduce the gap

between the price paid by the consumer and that received by the producer for a given commodity. This object can be achieved by reducing the cost of distributing and by eliminating wasteful methods. It cannot be claimed that cooperative marketing societies have succeeded in eliminating unnecessary middlemen.

Subject to improvement in the above matters there is no reason why cooperative marketing should not expand so as to embrace all the farmers of the country. In estimating the future of cooperative marketing societies it must be remembered, however, that success is often related to the nature of the commodity more than to the nature of the market, and that the responsibility for many shortcomings may be found in this quarter.

It must also be remembered that the task before cooperative marketing societies is extremely exacting and that the distribution of commodities easily develops many defects. This is especially true in a country like Palestine where government is not prepared to enforece cooperation by the compulsion of minorities to adhere to any given scheme which envisages the prevention of a glut on the market and the regulation of prices.

In other countries promising marketing schemes have been wrecked in the first place by recalcitrant minorities, but have been found practicable and satisfactory after such minorities have been forced to come into line for the general common welfare.

IV. COOPERATIVE IRRIGATION AND WATER SUPPLY SOCIETIES[1]

The cultivation of citrus fruit, most vegetables and certain other products cannot depend on rainfall and must be carried out under irrigation. There are few perennial streams and little surface water in Palestine, and in general, the water supply must be secured from underground sources, that is, wells or springs.

Traces are to be found throughout Palestine of the efforts made in the past to utilize the available water supplies to the utmost, and of searches made for new sources.

In certain areas, water supplies are too deep to be economically utilized for irrigation purposes - while in other areas underground water supplies are to be found within a reasonable distance of soil level. In both cases the expense and effort are great and individual enterprise is generally unfitted for such undertakings where large quantities of water have to be raised. Cooperative organization here offers a solution to the small farmers' problems - and this solution was readily accepted by Jewish settlers.

At the end of 1945 76 irrigation and water supply societies were in operation. Some of these societies had as their object the supply of water for the irrigation of the land and plantations of their members, while most of the societies udertook, in addition, to supply water for

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[1] Muenzner, G. loc. cit. p. 127 ff., also Government Report, loc. cit. pp. 99-101.

TABLE IX
IRRIGATION SOCIETIES ON REGISTER
MEMBERSHIP AND RESOURCES
1921 - 1945

Year	No. of societies on register	No. of societies included in this table	No. of members	Share capital LP.	Reserves LP.	Loans rec'd & amts due to creditors LP.	Total resources LP.
1921	-	-	-	-	-	-	-
1922	-	-	-	-	-	-	-
1923	-	-	-	-	-	-	-
1924	-	-	-	-	-	-	-
1925	-	-	-	-	-	-	-
1926	-	-	-	-	-	-	-
1927	-	-	-	-	-	-	-
1928	-	-	-	-	-	-	-
1929	2	-	-	-	-	-	-
1930	4	2	170	7,521	219	3,056	10,796
1931	7	4	324	10,107	991	5,126	16,224
1932	10	6	455	14,000	2,028	7,292	23,320
1933	20	12	789	24,457	4,006	14,191	42,645
1934	35	13	1,069	29,091	5,940	19,444	54,475
1935	47	34	2,307	55,368	18,564	42,620	116,552
1936	55	43	2,910	72,640	66,414	61,722	200,776
1937	61	48	3,341	89,128	70,050	95,833	255,011
1938	59	51	3,544	92,619	77,583	94,156	265,214
1939	61	54	3,881	95,541	80,331	99,475	276,193
1940	64	59	4,342	103,612	94,035	120,523	320,311
1941	67	65	4,916	102,342	87,681	140,982	332,026
1942	68	64	4,934	81,669	94,444	123,626	299,739
1943	70	65	5,196	115,908	115,882	173,296	405,086
1944	70	67	5,331	152,336	129,961	193,704	478,031
1945	72	66	5,463	140,496	148,791	195,382	484,669

Source: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development During the Years 1921 - 1937, Jerusalem, 1938, p. 99; figures for 1938 - 1945 were obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

the household requirements of their members, and one society, situated in Haifa, engaged in the latter task only. One society operated as a central society of local irrigation societies acting as their representative - a sort of a water company.

Societies of this type take powers "to build, construct, maintain and administer water reservoirs, water courses, channels, cisterns, filter beds, main and other pipes, hydraulic and other works necessary for obtaining, storing, measuring and distributing water in defined areas of operation".

The societies registered up to the end of 1933 were all of one type. They consisted of water consumers who joined cooperative societies for the purpose of constructing new sources of irrigation or for the improvement of water sources already inexistence.

In 1934 a new type of society came into existence, with the object of obtaining water from a water company and distributing it among the members on behalf of such a company.

The older type of society operates on the following basis:
The society acquired land, sinks one or more wells, installs pumps and lays down a network of main and subsidiary pipes in a defined area. Each member's contribution to capital is based on the size of his holding. In addition he assumes a fixed liability for the debts of the society.

This liability is also based on the size of his holding. Members undertake to pay for the water at a rate fixed by the society from time to time and which is calculated to cover the costs of production, administration and distribution as well as amortization and repairs to the

plant. Every member is responsible for a fixed minimum payment irrespective of the amount of water consumed by him.

The system of distribution, the rotations in which members may obtain their supplies and the general irrigation scheme are approved by the general meeting. The soceity is allowed free access to the land of each member, and may erect on such member's land any part of the installation specified in the approved scheme. No compensation can be claimed by members because of such installation on their land, but the society may decide, in certain cases where much inconvenience and expenditure is involved, to compensate the member. Compensation of this sort is decided upon by a board of arbitration.

The society is empowered to stop the water supply of any member who failed to pay his rates and may impose fines if a member disobeys the rules and instructions of the society's officers with regard to the use of the water.

The new type of society has no capital and does not own or install the network of main pipes. Water is delivered to a reservoir owned by the Water Company and situated within the society's area of operation whence it is distributed by the society to its members at a rate slightly higher than that paid to the company. The society is directly responsible to the water company for the water supplies.

In a number of irrigation societies, which combine the supply of water for irrigation with the supply for household requirements , an unsatisfactory situation has developed owing to the clash of interest of these two classes of consumers. The housekeeper, whose water consumption,

is small is not generally concerned if the water rate is increased slightly to cover higher costs of administration and distribution. To him this increase represents a very insignificant sum annually, while to the large agricultural consumer an increase in water rates may mean a considerable increase in the cost of production.

As the water rates are calculated to include the cost of amortization and repairs, it is the large consumer who pays the major portion of the cost of any extensions of the plant or of the network of distribution pipes. Similarly it is the large consumer who contributes more heavily to the capital of the society and who assumes larger liabilities for the debts of the society. Accordingly there is a conflict of interests between the large and the small consumer - or between the member who obtains water for irrigation and the one who obtains water solely for household requirements. This conflict is aggravated by the fact that in all such societies the small consumers are in the majority and decisions at general meetings are carried by their votes.

It is true that the law allows large consumers to have additional votes based on patronage, but this remedy does not solve the problem as patronage votes of any member may not exceed a prescribed maximum of the total votes, namely one-twentieth. Thus this restriction operates in a manner to leave the large consumers always in the minority.

There are other cases in which societies have failed to provide in their rules for additional votes based on patronage, and since any amendment of the rules of a society has to be approved in a general meeting by a majority of votes, it is impossible in practice to carry out any

such amendment of the rules.

The unsatisfactory situation described above already exists in several large societies and threatens to spread to many others. In one Jewish village the conflict has caused a serious rift among the settlers. It has extended to other communal institutions and fields of social activity. Unless members agree to find a way to settle these differences by their own efforts, societies of this type will have to split up so as to eliminate all causes of strife.

As from biblical days, the history of Palestine abounds in water disputes which have been the cause of strife and dissension amongst the Jewish tribes and patriarchs. In the United States water disputes marked a bloody page in the early history of the building of the west - cattle barons and farmers were constantly fighting over these rights.

It is regrettable, however, that history should repear itself within the fold of "cooperative" irrigation societies. Charles Gile[1] considered water an incentive and aid to cooperation and it is to be hoped that, notwithstanding the present unhappy situation in many irrigation societies, he may be proven to be correct in the long run.

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[1] Gide, Charles, Communist and Cooperative Colonies, translated by Ernest F. Row, London, 1940.

V. COOPERATIVE AGRICULTURAL INSURANCE SOCIETIES

There are five agricultural insurance societies in Palestine. Of these three engage in the insurance of livestock and two in insurance of crops. Only one of them is a cooperative society.[1]

The dangers of many kinds of plagues is a serious anxiety for any owner of animals. The idea of cattle insurance, therefore, is old and international.

In 1919 "Hahaklaith" was already started on a small scale; 99 members then paid premiums to the amount of 364 P. pounds.

Hahaklaith extends its operations all over Palestine and had an extensive veterinary service in charge of trained veterinary officers stationed in 19 countries. The other two livestock insurance companies are local organizations which limit their activities to a small area of one village or of several villages in one comparatively small area.

They insure the cattle, mules and horses of their members against certain eventualities and provide veterinary services in case of need. They are managed by elected committees which fix the amount of compensation payable and the value of cattle.

Boardsof arbitration are also elected annualy for the settlement of disputes between members and the committee and they have power to revise valuations and increase or decrease compensation awards as the case maybe.

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[1] Hahaklaith Cooperative Society Ltd.

TABLE X
LIVESTOCK INSURANCE SOCIETIES ON REGISTER
MEMBERSHIP AND RESOURCES
1921 - 1945

Year	No. of societies on register	No. of societies included in this table	No. of members	Own funds LP.	Loans received and amt. due to creditors LP.	Total resources LP.
1921	-	-	-	-	-	-
1922	1	1	367	146	165	311
1923	1	1	563	1,993	648	2,641
1924	1	1	582	1,716	1,200	2,916
1925	1	1	883	1,805	1,349	3,154
1926	1	1	1,008	2,065	1,225	3,290
1927	1	1	1,114	2,233	1,546	3,779
1928	2	1	1,103	2,345	1,174	3,519
1929	2	2	1,424	3,294	1,055	4,349
1930	2	2	1,571	4,055	1,165	5,220
1931	4	3	1,866	4,566	945	5,511
1932	4	3	1,961	5,280	1,238	6,518
1933	4	3	2,216	5,493	1,293	6,786
1934	3	3	2,414	6,244	850	7,094
1935	3	3	2,568	8,311	1,537	9,848
1936	3	3	2,765	11,867	2,249	14,116
1937	3	3	2,977	14,628	2,787	17,410
1938	3	3	2,760	16,549	2,589	18,738
1939	3	3	2,911	18,056	3,698	21,754
1940	3	3	3,021	19,426	4,423	23,849
1941	3	3	3,250	24,039	6,021	30,060
1942	3	3	3,438	29,626	9,508	39,134
1943	3	3	3,584	45,069	11,583	56,652
1944	3	3	3,587	57,634	16,977	74,611
1945	3	3	3,660	63,023	22,178	85,201

Source: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development During the Years 1921 - 1937, Jerusalem, 1938, p. 102; figures for 1938 - 1945 were obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

In all other respects these societies follow the system adopted by Hahaklaith.

Apart from its insurance activities, Hahaklaith is also taking care of active disease prevention, for which purpose a permanent staff of 26 veterinary surgeons was maintained in 1943.

In 1942 altogether 21,359 head of cattle - as compared with 17,240 in 1941 - and 15, 824 head of sheep were under constant preventive supervision.

The insurance company, being a cooperative society, had also granted to its members loans amounting to 13,500 P. pounds in 1942. These were made for the purchase of medical supplies and other like necessities.

In the course of time, the company has built up a capital of about 28,800 P. pounds, from which the loans mentioned above are granted. A sum of about 11,800 P. pounds in cash is held in reserve.[1]

The significance of Hahaklaith lies in the fact that in its own interests it aims at the preservation of good health among the cattle through hygienic supervision and veterinary advice.

Important also is the regular valuation of the animals, as this enables the settlements to establish a correct depreciation policy for their cattle.

The company acquires reserves and working capital in the following

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[1] Muenzner, G., loc. cit. p. 164. (later figures could not be secured).

manner. In addition to paying an entrance fee of one per cent of the value of his cattle, every member has to take over a guarantee at the rate of two per cent of the value in question.

Moreover, every member has to pay an annual fee for veterinary supervision, the company being entitled to claim additional contributions should the end of the year show a deficit. In all 29 years of its existence, the company has never had to recourse to this additional tax on its members. The costs of administration amounted to about sever per cent of the annual turnover - a favorable per-centage for an insurance company of this kind.

VI. CONSTRUCTION COOPERATIVES

Building Contractors

The history of Solel Boneh - the building contractor society - provides a miniature picture of Zionist pioneer work. It had its initial weaknesses and difficulties and inevitable early mistakes, but it also developed achievements and remarkable later results.

It developed from a department of public works, Misrad l'Avodoth Ziburioth, founded by the workers in 1920. This department was primarily intended to undertake road-building for the government, with the explicit aim of providing employement and expert training for the numerous immigrants of that period. When public commissions slackened off after some time, the building of house was begun. In 1925 the name Solel Boneh (road-maker, builder) was adopted.

Solel Boneh immediately took up big contracts. From 1920 to 1927 contracts to the amount of 14 million P. pounds were undertaken, all this in a country that was still in its economic childhood. But the task was all out of proportion to the modest means available, especially since the customers necessarily had to be financed into the bargain. In addition, most of the workers, despite all their goodwill, had an inadequate training, and so it came about that the institution failed in 1927.

In Histadruth circles themselves, there was a long difference of opinion as to whether this failure had been inevitable. Supporter of Solel Boneh laid stress on the fact that only by application of this

TABLE XI
CONTRACTING SOCIETIES ON REGISTER
MEMBERSHIP AND RESOURCES
1921 - 1945

Year	No. of societies on register	No. of societies included in this table	No. of members	Share capital LP.	Reserves LP.	Loans received and amount due to creditors LP.	Total resources LP.
1921	-	-	-	-	-	-	-
1922	-	-	-	-	-	-	-
1923	1	-	-	-	-	-	-
1924	3	1	745	10,698	521	85,323	96,542
1925	3	3	1,542	18,127	9,315	181,382	208,824
1926	3	2	1,067	19,434	8,723	170,974	199,131
1927	2	2	1,291	32,782	5,061	88,320	126,163
1928	3	2	1,318	32,862	5,052	87,176	125,090
1929	3	3	1,361	32,918	9,321	18,882	61,121
1930	4	2	53	53	5,928	8,484	14,465
1931	5	2	61	61	6,658	11,828	18,547
1932	7	4	138	1,340	9,685	32,572	43,598
1933	8	5	258	2,430	19,328	108,880	130,638
1934	9	6	355	3,189	43,417	231,840	278,446
1935	12	8	466	3,692	90,902	313,066	407,660
1936	14	11	545	6,480	127,738	299,677	433,895
1937	17	10	630	5,263	131,208	453,780	491,215
1938	17	12	679	7,378	98,054	393,021	501,105
1939	19	17	916	8,482	104,626	258,248	373,731
1940	18	16	979	8,600	99,438	386,056	496,684
1941	15	14	950	8,299	114,474	533,807	656,680
1942	14	14	984	10,160	141,130	646,939	798,229
1943	13	12	1,039	12,229	164,408	917,190	1,093,829
1944	11	11	1,050	24,853	166,703	260,411	542,967
1945	10	0	1,061	18,235	71,386	154,031	243,652

Source: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development During the Years 1921 - 1937, Jerusalem, 1938, p. 113; figures for 1938 - 1945 were obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

system was mass unemployment prevented, and a considerable nucleus of trained workers formed.

True, these supporters argued, money had been lost, but much of greater value had been won. At that time various institutions such as the Anglo-Palestine Bank, the Workers' Bank and the Keren Hayesod, wrote off considerable claims, the share of the latter being 26,255 P. pounds.

A special law permitted silent liquidation, and thus bankruptcy was averted. This measure was partly due to the fact that even then, it was planned ultimately to revive the interprise under its old name.

The temporary closing down of Solel Boneh, however, did not signify the withdrawal of the Histadruth from the building business. Local co-operatives sprang into the breach for a number of years. In 1934 it was decided to reestablish a central building enterprise based on the issue of shares with a modest initial capital of 10,000 P. pounds.

It testifies to the tenacity and courage of the founders that they gave the new company the name of the old one, which had been so unwillingly, if not ingloriously, closed down. The idea was to prove that the economic and social-political program of the liquidated Solel Boneh was correct and could be further pursued, unaffected by the financial fiasco.

The brief history of the new Solel Boneh has so far justified its founders - at a time coinciding in the main with a period of depression in the building trade, it has assumed the undisputed first place in the country for its particular province, and, in contrast to its predecessor, has strengthened its financial position to an extraordinary degree.

In the years between 1934 and 1940 Solel Boneh built up systemati-

cally a specific contractor's organization, laying the main stress on creating a thoroughly trained staff of building workers, craftsmen, technicians and engineers. Since this period partly coincided with Palestine's boom in the building trade, the organization could gain quite a considerable reputation.

At the end of 1940 capital and open reserves amounted to roughly 235,000 P. pounds which were accumulated in a comparativily short time. This first period ending 1940 is characterized by the building up of a powerful organization engaged exclusively in the building trade proper and being a contractor chiefly acting on behalf of third parties, thus avoiding rishky financing with its own means which had proved so fatal for Solel Boneh's predecessor.

The second period brought an extraordinary expansion of activities, mainly due to considerable contracts with government authorities, both inside and outside Palestine. The same period also sees the expansion of Solel Boneh's scope of activities to other lines connected directly or indirectly with the building trade.

During all these years, smaller cooperative contractors' officers - called Misradim Kablanim - had been operating on similar lines, but little by little either closed down or were merged into Solel Boneh. These offices organized on cooperative plan were not always successful, and one of the bigger of these groups, Misrad Kablani Jerusalem, had to be taken over by Solel Boneh after heavy losses. The Tel-Aviv Misrad Kablani, however, took a development not less favorable than Solel Boneh.

By the end of 1943, Misrad Kablani had merged with Solel Boneh

and thus the strongest single body within the structure of labor-owned economy came into existence. Already the combined figures of both institutions for 1942 showed assets totaling 1.1 million P. pounds. The beginning of 1944 showed assets of more than 1.3 million P. pounds, not counting considerable hidden reserves regarding the items of real estate, plant and machinery, stores and affiliated companies. The increase of activities during the second period as described above is illustrated by the comparison of the total amount of balance sheets, which doubled in the lapse of four years: 1939-42. (The same trend is seen in the table, page 96 of Meunzer).

The significance of the group is shown by the fact that it participated, according to private estimates as recorded by G. Meunzer in his book "Jewish Labor Economy in Palestine", to the extent of 42 per cent in the big commissions of the government's Public Works Department in 1939 and 1940 for the construction of police stations.

The capital of Solel Boneh today may well exceed that of all private building enterprises in Palestine put together.

An attempt to estimate the role played by the group in Palestine results in the following conclusion: the Solel Boneh groups had, within a short period, achieved the undisputed leadership of the Palestinian building business. As far as can be ascertained there is no parallel to this phenomenon in capitalistic countries. The Bauheutten in Germany, which might be compared, were comparatively much less important.

Explanation of this success up to the present is to be found in a happy coincidence of various favorable factors. Perhaps a non-economic

element should be placed first. This was a desire to make good the loss of prestige due to the collapse of the old Solel Boneh. This may have induced leading men in the Histadruth to place the initial capital at its disposal. Simultaneously they succeeded in securing experts for the technical, financial, and administrative departments of the work. It was the good fortune of Solel Boneh that few competitors with sufficient capital were in the field - a big English building concern happened to retire from the market after only a short period of activity.

As the shareholder - Hevrath Ovdim - expects no large dividends, and the managers no large salaries, Solel Boneh was able to achieve its foremost aim - that of the employment of the largest possible number of building workers and the gradual accumulation of a considerable capital. This may again enable them to grant credits to customers, though this may easily involve risks, and it is only safe within strict limits.

Even the relatively considerable capital of 600,000 to 750,000 P. pounds over which the Solel Boneh group presumably disposed in the beginning of 1944 did not permit any large-scale financing of building projects, as this would soon lead to immobilization. A considerable part of the capital is already invested in property, participations, stores, claims, machines, etc., so that only a modest sum, amounting to a fraction of the annual turnover remains at present. It must be remembered that the financing of buildings generally entails an immobilization of money for years in advance.

From the organization point of view, Solel Boneh is a typical example of a Histadruth-owned enterprise. The shares are in the hands

of the Trade Unions' Central Holding Company, the Hevrath Ovdim. Thus the powerful undertaking is the property of the General Federation of Jewish Labor - or, more explicity, the whole Jewish labor community of Palestine as far as organized within a trade union. Solel Boneh's organizational structure represents the modern conception of economic labor foundations, as distinct from Misrad Kablani which, as a cooperative, is typical of the earlier period.

The merger of both institutions created, therefore, certain administrative problems, but it is worthy of mention that Misrad Kablani was absorbed by Solel Boneh, not only because of the latter's stronger economic position, but also because the organizational shape of a Histadruth-owned concern proved the more similar or homogeneous and hence more appropriate.

Since its foundation it has been a principle of Solel Boneh to secure regular deliveries of building materials, in order to gain, in the best possible way, an independent position in its line. Thus Solel Boneh acquired, already in the early stages of its development, controlling interests in the wood, stone and lime industries. Lately a considerable expansion has taken place in the lineof glass production as well as the foundry and metal industry.

The following enterprises may be considered as the main items in this regard:[1]

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[1] I am indebted to Mr. G. Muenzner for most of my information about Solel Boneh. See his Jewish Labor Economy in Palestine, Gollancz, London, 145, ch. 2, p. 96.

1. Quarries - Solel Boneh disposes of several quarries for the supply of stone of all kinds in Ein Harod, Benjamin, Migdal Tzedek, Ben Shemen and Jerusalem. As most quarries had previously been in Arab hands, this expansion was the result of wise foresight and secured the smooth supply of these essential materials.
2. Heruth, Ltd. - Solel Boneh owns a controlling share of this contracting office for all kinds of sanitray and other installations. This company is an essential asset within the business of Solel Boneh, owning to the fact that it disposes of considerable stocks of these materials, which enabled it to execute important orders by other companies - for example: the water installation for Mekoroth Ltd.
3. Lime and Stone Production Ltd. (Even VeSid) - This enterprise produces lime in the vicinity of Haifa, Up to the time of the disturbances, the Arab firm Karamam held a share in the company - since then, however, Solel Boneh has taken over the majority of shares. The share capital amounted to 20,000 P. pounds by the end of 1940 - and the reserve fund to 12,300 P. pounds.
4. Even, Ltd. - This stone quarry had, by the end of 1940, a capital of 10,000 P. pounds - reserves of 150 P. pounds and liabilities amounting to 5,700 P. pounds, Total investments were 19,600 P. pounds.

Since 1942 Solel Boneh has been increasing its, so far limited

interests in industries intensely, and as a consequence of the significant rise of profits, due especially to large building contracts, has started new investements on a very considerable scale.

This policy gave rise to some discussion among the public, and created a certain amount of anxiety on the part of private industry which feared an ever-increasing activity in what it considered to be its own special sphere. These discussions appeared, however, to exaggerate the matter, as Solel Boneh generally laid stress on the point that only such enterprises should be acquired as were not subject to the competition of the private market, and which represents a key industry in the building sector.

The acquisition of the Palestine Window Glass Works Phoenicia, Ltd. and Vulcan Foundries, Ltd., may be considered from this point.

Early in 1942, in cooperation with Nir, Ltd., Solel Boneh stepped into a field entirely outside the scope of the building field. It founded Hadrion, Ltd. This concern is producing concentrated citrus juices and etheric oils pressed from the peel. The export of these products has recently been taken up.

Other fields led it to the founding of the Palestine Sugar Co. in conjunction with other Histadruth institutions. Solel Boneh also acquired a rubber factory and tire-retreading plant - Hamegaper, Ltd. This was a cooperative society formerly operated on a small scale, and which only from 1941 on saw intense development.

TABLE XII
HOUSING SOCIETIES OF ALL GROUPS ON REGISTER
MEMBERSHIP AND RESOURCES
1921 - 1945

Year	No. of societies on register	No. of societies included in this table	No. of members	Share capital LP.	Reserves LP.	Deposits LP.	Loans received and amounts due to creditors LP.	Total resources LP.
1921	4	-	-	-	-	-	-	-
1922	16	3	957	1,440	850	262	43,639	46,211
1923	18	5	961	18,738	1,536	167	143,864	164,305
1924	24	8	1,246	5,121	18,307	2,914	89,484	115,826
1925	53	15	3,357	29,717	48,732	14,132	112,243	204,824
1926	64	23	4,144	41,624	56,870	10,769	174,779	284,042
1927	69	26	4,815	21,065	63,009	1,408	183,148	268,630
1928	74	30	4,901	27,214	72,595	1,296	156,981	258,086
1929	76	35	5,129	15,959	71,119	1,086	178,921	267,085
1930	80	38	5,909	117,544	72,162	1,640	162,760	254,106
1931	81	39	5,481	17,871	128,234	6,322	155,622	308,049
1932	88	39	5,497	21,770	91,514	6,897	146,901	267,082
1933	94	44	6,452	31,036	124,398	6,891	136,776	299,096
1934	95	53	7,518	68,872	149,160	11,589	249,173	478,704
1935	127	72	9,143	211,370	188,722	12,115	433,432	845,639
1936	153	107	10,168	295,983	222,734	36,247	661,356	1,216,329
1937	177	131	11,324	248,753	253,562	4,388	864,738	1,551,441
1938	172	149	10,718	522,952	239,464	8,544	909.673	1,680,633
1939	173	160	12,066	511,130	239,038	7,049	950,446	1,707,663
1940	166	156	11,880	482,026	255,828	5,678	926,992	1,670,529
1941	155	150	14,067	409,215	304,412	4,593	957,044	1,756,246
1942	148	137	13,692	521,042	255,285	-	831,923	1,608,250
1943	155	143	17,202	569,325	325,998	-	755,574	1,652,877
1944	175	156	18,464	744,660	394,912	-	649,953	1,789,525
1945	196	162	18,799	887,213	356,292	-	589,039	1,832,550

Source: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development During the Years 1921 - 1937, Jerusalem, 1938, p. 116; figures for 1938 - 1945 were obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

Shikun - Cooperative Housing

Adequate housing for the common man is one of the most pressing problems of our civilization. Even here, in the United States, the housing situation is a problem aggravated by lack of supplies or else too-high prices plus an increase in family units since the end of the war.

In Palestine, the acute housing shortage is also due to the lack of construction during the war period, plus the steady growth of the Jewish population.

A survey of housing conditions in 1938 showed that 85 per cent of the urban workers' families were living in only one room. The other 15 per cent lived in two or more rooms. The greater majority of this 15 percent lived in houses built by Shikun, the Histadruth cooperative housing authority. There were an average of three persons living in one room.

Since that time the situation has gone from bad to worse. The number of families has increased considerably, and the number of individuals per family has increased also, while no additional dwelling had been built during the war years, when private building activities were prohibited.

According to a survey made by the Tel-Aviv municipality in 1944, half the population of the town were living on the average of three persons per room and nearly a third of the population was crowded into an average of four persons per room.

The Jewish worker in Palestine was not to be reconciled to such

housing conditions. He had avoided the cramped slums of Europe and had come to Palestine with the desire to create a new society and to pave the way for new and better forms of living.[1] In Palestine he had hoped to build houses in garden cities which would meet the hygienic and cultural requirements of a modern community.

The conflict between the ideal and the depressing reality was the main motive for the housing movement of the Jewish workers in Palestine. From the very beginning they had three principal aims:

1. To avoid cramped, overcrowded quarters, divorced from the land and nature.
2. To free the urban worker from the burden of high rent charges by low-cost housing in garden cities and workers' suburbs consisting of comfortable and cheap houses.
3. To create urban centers of working people with a view to developing in the towns a cooperative tradition based on mutual aid and progressive social values.

In all civilized countries, it is axiomatic that the responsibility for initiating a housing program for workers should fall on the government. In recent years, substantial improvements in housing conditions have been made by various countries.

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[1] Figures in this section are based on Worker's Housing in Palestine Shikun, Hapoel Hazair Printing Press Ltd., Tel-Aviv, 1946. Also G. Muenzner, loc. cit. pp. 151-159.

In Palestine, hoever, the government has in no way assisted in the actuate building activities, nor has it contributed towards the cost of development work and public services for workers' housing. Moreover, even the municipalities were, until 1946, prohibited by law from taking measures to deal with housing problems.

Seeing that the government failed to act, the workers had no alternative but to tackle the housing problem themselves. This they are doing by means of mutual help within the framework of the Histadruth- and not without success. Notable experiments have already been made and notable results achieved.

After relatively small-scale and sporadic attempts to establish workers' suburbs, the Histadruth decided, in 1927, to centralize its housing activities within a separate institution, at first called "The Housing Center" and later, in 1935, became known as Shikun, Workmen's Housing Company, Ltd.

Shikun is a non-profit, public service body which undertakes:

1. Purchase of suitable building land, chiefly with the assistance of the Jewish National Fund.
2. Town-planning of residential quarters.
3. Development activities, such as land reclamation, laying of connecting and internal roads, installation of water supply, etc.
4. Construction of houses owned by Shikun and rented to residents.
5. Construction of houses and public buildings for cooperative societies.
6. The organization of residents into cooperative societies.

Between 1928, when it commenced activities, and 1939, at the outbreak of the war, Shikun invested 1,500,000 P. Pounds in housing project for 3,200 families - or 15,000 persons. Before the war, Shikun had greatly reduced construction costs by erecting standard homes and rationalizing the building work.

The most important housing scheme carried out so far is Kiryat Hayim Garden City near Haifa. Built on 825 acres of Jewish National Fund land, it is in the heart of the residential zone in the Plain of Zebulun.

Construction work started in 1930, when the entrie area was malaria infested swamps and entirely uninhabited. In 1931 the first 200 houses were already erected, and since then the suburb has grown to 1,726 houses with over 7,000 inhabitants. By the end of 1946 there were 2,300 houses completed.

Each of the first 200 homes erected at Kiryat Hayim cost 400 P. Pounds (200 P.P. cost of building and 200 cost of land) and contained two rooms, kitchen, bathroom, veranda and 1,000 square meters of garden. The workers made a down payment of 40 pounds and the balance at two pounds monthly for 15 years. Regarding the social status of the residents - 75 per cent were manual workers and 25 per cent employees and clerks.

Kiryat Hayim boasts elementary schools, a vocational school, child nurseries, cooperative market hall, a central consumers cooperative store with 11 branches in the city, several dispensaries, a bakery, restaurant, community hall, playgrounds, youth clubs, and a library of

10,000 volumes.

The number of children attending school exceeds 1,000. Eventually it is planned that this garden city will house 5,000 families. Public property in Kiryat Hayim is worth 100,000 pounds, while total investments are 700,000 pounds.

A second garden city, Kiryat Amal, is rising near Tel-Aviv. It is expected that there will be 1,300 houses there.

During the war, Shikun acquired a land reserve in cooperation with the Jewish National Fund. In orcer to do this, the Histadruth and its economic institutions, as well as the prospedtive residents, advanced 500,000 pounds to the JNF.[1] Enough land was acquired for 13,700 families, 85 per cent from the JNF and only 10 per cent from government lands obtained under a 99 year lease, against payment in advance of the rental for the entire period.

In addition, preliminary development was carried on during the war, including drainage, road building, water and electric supplies, etc. Finally, groups of prosepctive residents were organized, registered and assured of the initial capital investment of 60 ounds each. By the end of the war, 10,500 prospective residents were organized by Shikun.

In July, 1945, Shikun began to construct the first of the 3,000 new post-war homes. Half are intended for immigrants, 400 for war veterans and 1,100 for other residents. All these homes, which were completed by

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[1] Jewish National Fund.

the end of 1946, involved an investment of 1,750,000 pounds. The cost of erecting the 1,500 homes for new immigrants will amount to 850,000 pounds, of which the Jewish Agency is investing 220,000 pounds, the JNF 68,000 pounds and the Histadruth 54,00 pounds.

In the 18 months after the war, more workers' houses were built than during the previous 18 years.

Shikun has tackled the post-war housing problem of Palestine with vigor and vision. Its four garden cities - Kiryat Hayim, Kiryat Avoda, Kiryat Amal and Shchunat Borochov - house thousands of families, while cooperative apartments houses in Tel-Aviv house hundreds more. All in all, nearly 20,000 persons live in Shikun homes today.

Considerable sums, totaling 3,250,000 pounds were raised for financing the housing schemes. Two-thirds of this sum are held by the residents and their cooperative societies, and there are several housing schemes where residents are completely free from further payment.

A reduction of costs has been achieved, and in some cases workers save cash payments by doing their own labor.

Provisions are made for all public services of the type enumerated in connection with Kiryat Hayim - leaning toward a planned urban society based on companionship, cooperation, equality and mutual aid. The housing projects are owned by cooperative societies of the residents or the non-profit public utility association, Shikun.

The current requirements for housing are extremely great, and the Histadruth is mobilizing all resources for this purpose. Increased costs in building, due to post-war inflation, are a serious burden upon

the low-income groups. A more satisfactory solution could be obtained with government cooperation.

Experience has proved that cooperative housing probably constitutes the soundest basis yet devised for supplying new dwellings, but even this requires government assistance in the form of cheap land, construction of free roads, development of public services, and cheap money, with tax exemption over a long period for the new homes. In addition, the gap between high prices and the low income of the workers should be bridged by some form of government subsidy.

In spite of these difficulties, Shikun places the need for actual construction above all other considerations. Advances of funds through the American Palestine Histadruth campaign have facilitated the execution of new products. Construction of dwellings for 900 families in Tel-Aviv was begun in Septmber, with the work entrusted to Solel Boneh, the Histadruth cooperative building society.

VII. CONSUMERS' COOPERATIVE SOCIETIES

Retail Consumers' Cooperative Societies

Consumers' Cooperative Societies do not occupy the foremost position in the Central Cooperative Movement in Palestine, as they do in Europe and in Great Britain. This is due, not to any lack of appreciation of this form of cooperation, but to a number of causes peculiar to the country. Until the outbreak of the war the development of Consumers' Cooperation was very slow. The tremendous changes brought about by the emergency conditions, however, for example, disappearance of stocks from the open market, speculation, profiteering, and so on. have served to illustrate the advantages of public spirited cooperative trading.

The Cooperative Consumers' stores continues to provide their members with supplies at reasonable prices, even when certain commodities were no longer available in the open market, or were obtainable at excessive prices. Naturally, this greatly increased the popularity of the Consumers' Cooperative Movement, which was recongnized as a stabilizing force.

The Consumers' Cooperative Societies are organized in the Central Institutions - the Audit Union and the "Hamashbir Hamerkazi", which, in addition to the usual range of groceries, supplies its affiliated Societies in the settlements with most of their agricultural requirements, including seeds, fertilizers, machinery, cold storage equipment, wearing apparel, etc.

TABLE XIII

LOCAL CONSUMERS' SOCIETIES AFFILIATED AND UNAFFILIATED ON REGISTER
MEMBERSHIP AND RESOURCES
1929 - 1945

Year	No. of societies on register	No. of Societies included in this table	No. of members	Share capital LP.	Reserves LP.	Deposits LP.	Loans received and amounts due to creditors LP.	Total resources LP.
1928	-	-	-	-	-	-	-	-
1929	1	-	-	-	-	-	-	-
1930	7	1	69	252	152	48	1,134	1,586
1931	12	5	368	990	752	68	4,450	6,260
1932	15	10	812	2,066	2,409	409	13,899	18,530
1933	25	16	1,297	2,902	4,870	-	25,554	33,326
1934	31	20	1,980	5,282	8,933	1,134	44,113	59,462
1935	37	31	3,455	8,110	12,190	1,412	78,742	100,454
1936	47	42	4,802	11,243	23,774	220	126,936	162,173
1937	55	47	6,070	15,092	29,609	233	155,187	200,121
1938	57	51	5,533	13,188	27,868	2,024	146,337	189,417
1939	107	54	7,160	15,742	30,430	2,917	180,274	229,362
1940	103	74	11,654	20,631	37,773	618	173,769	232,791
1941	99	85	12,343	21,304	46,866	370	189,762	285,302
1942	150	113	21,354	33,211	61,419	-	297,364	394,944
1943	144	131	23,537	44,716	92,806	-	429,304	566,826
1944	148	134	25,247	52,507	150,218	-	512,798	715,523
1945	139	126	25,146	58,525	184,246	-	492,187	735,198

Source: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development During the Years 1921 - 1937, Jerusalem, 1938, p. 122; figures for 1938-1945 were obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

Hamashbir Hamerkazi -

Palestine Cooperative Wholesale Society, Ltd.[1]

Hamashbir Hamerkazi Ltd., Labor's wholesale purchase organization, is today the biggest dealer in the country, with a turnover of 2,100,000 P. pounds in the financial year 1943. Its development is rather interesting. In 1916 the founders of an insignificant purchase cooperative, Hamshbir, managed to collect 1,6000 francs (62 P. p.) for the joint purchase of foodstuffs in order to combat the worst form of war, starvation, but they hardly foresaw the future importance of their step.

The cooperative attempted, with fluctuating success, to serve as both a buying and selling organization; in this process it had to undergo sundry vicissitudes which were overcome by the assistance of national funds. The present-day Hamashbir Hamerkazi was finally organized at the end of 1930.

The main clients are the communal settlements, the consumers' cooperatives of the villages and of the suburban workers' settlements, of which more will be said hereafter. Other institutions, above all Solel Boneh, research stations, women workers' farms, schools, etc., are also big customers. At the end of 1945, goods were delivered to a total of 510 institutions and economic groups. The goods delivered have gradually become more varied. The main section is foodstuffs (sugar, coffee, tea,

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[1] Hamashbir Hamerkazi - Palestine Cooperative Wholesale Society, Ltd., yearly report, Tel-Aviv, 1945.

[illegible]

margarine, oil products, etc.), fodder, seed, etc. The list of goods ranges from queen bees to harvesting machines, electo-motors, manurers, iron for building purposes, etc. Hamshbir enjoyed the help and credit of the British Cooperative Organization, the Wholesale Society of Manchester, of which it is a member, especially during the very difficult years of upbuilding; an amount of 9,645 P. pounds is invested in shares of the Workers' Bank, whose close client it is. It also entertains lively business connections with the Anglo-Palestine Bank and other big banks.

Turnover and capital have so far increased from year to year; the management obviously endeavors, with success, to satisfy the growing needs of its clients. It has succeeded in building up a very noteworthy position ofr itself from precarious beginnings and almost without initial capital. Every increase in the purchasing power of thw working class tends to strengthen Hamshbir. The final consumer, the member of the communal settlement, thus supplies his needs directly from the wholesale dealer who charges the comparatively modest increase on cost price of 7 to 8 per cent., thereby avoiding the middleman. If this principle is carried out correctly, there should result an appreciable reduction on the purchase price, giving the settler a considerable advantage over the urban worker, also over other rural consumers. Shares in this cooperative are mostly held by its customers, the most important shareholder being the Vaad Hapoel of the Histadruth. The older and larger settlements as well as wome consumers' cooperative are big shareholders too.

Theoretically these shares now represent quite a considerable asset, the relation of cooperative capital to reserves being at present 1.5. Yet the members cannot derive any direct profit from them, because no dividends have so far been distributed, the profits wisely being put into the reserve; it is not the business of a cooperative to pay high dividends. Members of a strong sonsumers' cooperative find their advantage either in premiums on turnover or certain subsidies of a direct or indirect nature.

Subsidiary Companies

1. Hamashbir Hamerkazi (Finance and Investment) Ltd., which grants credits to Consumers' Cooperative Societies and to settlements for the erection of auxiliary industries for the purposes of Hamashbir Hamerkazi.
2. Consumers' Cooperative Societies Fund. The total means of this fund at the end of 1946 amounted to 7,000 P. pounds, which in the meantime, by the joint efforts of Hamashbir and the audit union of the Consumers' Cooperative Societies have been increased to 12,000 P. pounds. The chief aim of the fund is to back newly founded cooperative societies.
3. Fund Szold, for the erection of kitchens within the settlement movements.
4. Green-Fodder Fund for Agricultural Producers. This institution, founded by Hamashbir Hamerkazi in partnership with Tnuva and Jewish Agency, facilitates, by means of credits to small farmers and suburban

settlers, the purchase of fodder and similar produce.

5. Hamashbir Retailing Co. (Hamashbir Letzarhan). This subsidiary was founded early in 1944 with the intention of opening retail shops, especially for footwear and clothing. This foundation met with a certain amount of criticism, being regarded as a token of Hamashbir's intention of developing competitive retailing bodies.

In conclusion, Hamashbir Hamerkazi fulfilled an important task in recent emergency by laying in stocks of foodstuffs and agricultural supplies which enabled the Jewish settlements to continue and to extend their production. The following figures indicate the expansion of its activities:

	Own Capital (P. pounds)	Volume of Sales (P.p)
1931	12,500	68,000
1939	125,000	543,000
1941	160,000	679,000
1942	225,000	1,285,000
1945	400,000	3,350,000

Hamashbir Hamerkazi is constantly expanding its industrial undertakings, both its won and those owned and operated jointly with other institutions.

The most important of these enterprises include the Shemen Oil Industries, Haif (owned jointly with a private concern); flour and Fodder Mill, Tel-Aviv; Min'al Ltd., Shoe Factory (jointly with exsoldiers cooperative); Hamegaper Rubber Products (together with other cooperative

institutions); Hatzemer Wool Cleaning Works; Agricultural Machinery and Implements Manufacturing (jointly with settlements); Seed Cleaning and Sorting Palnt (jointly with settlements).

VIII. COOPERATIVE PASSENGER AND FREIGHT TRANSPORT[1]

The only leading urban branch of economy in which the cooperative form has been gaining an overwhelming influence is transport. This is the more important as in Palestine the motor car dominates transport in contrast to the railway. The country having only been opened to modern economics in the last 25 years, the development of the rail network has, to a certain extent, been left behind. In passenger transport, above all, the business is mainly in the hands of cooperatives. This is particularly true of the Jewish sector. In certain cooperatives part of the work is executed by non-members, a system not altogether in accordance with cooperative principles.

The Transport Cooperative system takes first place in the framework of trade co-operatives and co-partnerships of labor affiliated to the Merkaz Hacooperatzia.

The capital of the passenger transport cooperatives, in 1945 is considerably greater than that of all the other sixty cooperatives taken together, and nearly fourteen times as large as the capital of the fifteen goods transport cooperatives. A similar ratios is obtained from a comparison of investments in goods, tools and buildings. Where as about 1.6 million P. pounds were invested in the passenger transport

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1 Most of the information and figures from Almanac of the Cooperative Movement in Palestine, Tel-Aviv, 1946 (in Hebrew).

cooperatives, the investments of all other cooperatives, including goods transport, amount to about 600,000 P. pounds, which brings the portion of passenger to all other cooperatives to about 2.7:1.

Passenger transport has developed in the last fifteen years from a chaotic state of countless individual groups, each fighting the other with the sharpest methods, into a uniformly organized body composed of a few fairly-well-established concerns.

Of the concerns considered here there are local traffic institutions in the towns (Dan[1], Tel-Aviv; Hamekasher, Jerusalem; Hever, Haifa). In addition, three other cooperatives provide communication with the suburbs and the "hinterland"; Drom Yehuda and Ihud Regev for the settlements south and north of Tel-Aviv, and Hakesher for Haifa, Inter-urban communication between Tel-Aviv, Haifa, Jerusalem and Tiberias is provided by the Egged Cooperative. The other groups which can be included in this connection (Mishmar Hamifratz, Sheruth Hahuleh, etc.) are not of any great importance.

These cooperatives, apart from inter-urban tazi lines, have a comparative extensive monopoly.[2] Their strength lies in their elasticity in times of crisis, when they are in a position to contract expenses at once. This policy proved its efficiency in the yars of unrest, 1946-9, and has saved the cooperative from lack of liquidity, despite the partially catastrophic decrease in turnover.

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[1] Previously called "Hamaavir".

[2] Report of the Registrar of Cooperative Societies, 1938, p. 33; "These (transport) societies have almost a complete monopoly of motor transport throughout Palestine".

Rates charged in the urban buses are 8 mills (Palestinian) ($3\frac{1}{2}$ ¢) on short lines and 12 Palestinian mills on longer lines. No transfer vourchers from one line to another are given out. Cheaper rates are available for children and students. Monthly and season tickets can also be purchased at a discount. Rates charged in the main inter-urban lines are: Tel-Aviv - Jerusalem 280 mills ($1.10) and Tel-Aviv-Haifa 500 P. mills ($2.).

The Brith Hapikuah (Audit Union) of the producer and transport co-operative societies acts as supervising organ without interfering with the individuality of the affiliated cooperation, whereas the Merkaz Hacooperatzia (Central Union of the Workers' Cooperative Productive Societies) negotiates in dealings with public institutions, particularly in the arranging of sales conditions, employment, etc.; it attempts, moreover, to cut out unnecessary competition among the cooperatives, to reconcile conflicting interests and thus to induce a smooth course of action. By the formation of a common purchase center, Noa Ltd., it has contributed towards a simplification and cheapening in purchase.

Apart from this, it also attempts to serve the financial requirements of its members; it has founded for this purpose what is at present still a small financial instrument, the Cooperative Finance Centre (Kupath Hacooperativim).

This "fund", which might be compared in its structure with the Kranoth of the settlement federations, is in the early stages of its development. In the middle of 1942, the fund had disposed of capital, loans and reserve funds amounting to about 45,000 P. pounds, which amount was

mainly invested in bills and short-term loans granted to member-cooperatives.

In order to centralize the activities of the various goods transport cooperative societies, the firm of Ta'an Ltd. was established in 1943 with a view to distributing in appropriate shares to their members the transports on behalf of Government and other authorities. Ta'an thus acts as contractor with regard to third parties, possibly comparable to the system under which Solel Boneh and Yakbin began operations. The authorised share capital amounted to 25,000 P. pounds of which 10,000 P. pounds so far have been fully paid up, the shareholders being in equal parts the Labor General Holding Co. (Hevrath Ovdim) and the transport cooperative societies. Altogether there are about 1,000 trucks at the constant disposal of Ta'an. In addition to its main object of distributing work and acting as the sole representative of its members towards authorities, the company is also in charge of such side-line as the supply of the necessary tolls, tyres and fuel, thus partly overlapping with Noa Ltd., with whom a certain cooperation is being envisaged.

In conclusion it should be observed that the first motor transport services were organized by the Jewish Drivers' Cooperatives at a time when Palestine seemed to offer little attraction to private enterprise, and much pioneering determination was needed to start new and uncertain ventures. The cooperatives faced many difficulties and handicaps, including the comparative novelty and limited scope of motor traffic in those early days, the competition of thre railroads, their own inexperience, lack of repair facilities and spare parts. But in the course of time

the Transport Cooperatives succeeded in covering the country with a network of motor communications which bears comparison with that of many of the most advanced countries. They have been able to maintain transport services at a high standard of efficiency, even under war conditions, despite the acute shortage of vehicles, spare parts and tires. They were of direct service to the military authorities, at whose disposal they placed a section of their drivers and vehicles, and both military and civil authorities on more than one occasion expressed their appreciation of the valuable work and assistance rendered by the Jewish Transport Cooperatives to the war effort.

The Cooperative Transport Movement has been further strengthened in the post-war period by the joining of new members from among the ranks of ex-servicemen, mostly men with excellent driving and vehicle maintenance experience gained during their service.

The Histadruth is also negotiating with the Palestine government authorities concerning the participation of the Cooperative Movement in the opening of new motor transport services to the neighboring countries.

IX. FINANCIAL COOPERATIVES

Credit Cooperatives[1]

Credit cooperation playd an important part in the building and settlement activities of the country during the period between thetwo world wars. At that time, not only were the private banking facilities inadequate, but new immigrants, whether belonging to the middle class or workers, were not considered particularly desirable as clients by the existing banks, since they were usually not in the position to provide satisfactory guarantees.

In thes circumstances, the Credit Cooperative Movement came into being to meet the requirements both of the middle class settler and of the workers, each with his own Audit Union.

The war proved a trying period for Credit Cooperation, particularly in the first years of the struggle. A number of societies which were not affiliated with any audit union found themselves unable to cope with the situation, but almost all the cooperatives organized in audit unions survived the crisis, and in recent years have resumed their sound development. Deposits have increased and even exceeded the prewar figures.

The main activities of the Cooperative Credit societies were the granting of short-term loans to members (up to 15 months) and medium-term loans (up to 5 years) for various purposes, such as operating capital,

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[1] I. Avinery, Cooperative Year Book, Tel-Aviv, 1942 (in Hebrew).

farm improvements, purchase of tools, livestock, raw materials, and even for investment in a Producers' Cooperative, or for acquiring a plot and building a house. During 1945 the Workers' Credit Cooperative Societies granted loans to a total of 1,050,000 P. pounds - while other Credit Cooperatives loaned amounts totaling 1,327,000 P. pounds.[1]

Rates of interest on loans to members in various societies differ considerably since local conditions vary and the presence or absence of other credit agencies affects margins. But generally, the rates charged are similar to those charged by private banks. The average rates for rural societies are higher than in urban societies and the average for all rurual societies is approximately 6-8% for short and medium term loans and 8-9% for long term loans.

The benefit to the members lies more in the ease of obtaining loans and their complete or partial renewal than in the savings on the interest rates.

The enterprises described above are, without exception, institutions belonging to the Histadruth itself and its organs, or else controlled by its groups or unions of groups.

A sharp distinction must be made between this type and the many cooperatives more or less loosely affiliated to the Histadruth, but not owned by the general working-class body. These cooperatives represent a group of worker-entrepreneurs who invest a certain, if small, amount of

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[1] I. Avinery, loc. cit. Ch. II

capital in cooperative shares, and give their members a return corresponding to the work invested in the cooperative, in the form of both divident or wages. Cooperatives of this kind are only indirectly Histadruth affiliations, and are indirectly connected with the central body, the Hevrath Ovdim, through special control institutions such as the Merkaz Hacooperatzia (Cooperative Center).

These cooperatives represent al older economic system within the Histadruth. They frequently owe their existence to an emergency - to the lack of funds on the part of individual members, violent competition of various small branches of trade, and the need for creating a basis through cooperative guarantee for the procuring of necessary credit facilities.

It was thus, for example, that a serviceable cooperative transport system could be established. The same applies to numerous handicrafts and industrial enterprises which developed particularly in the course of the so-called prosperity years (1924-26, 1933-35). The many types of industrial cooperatives, e.g. metal industry, building and woodwork, textile, clothing and shoe factories, printers, bakeries, kitchets, ice factories, laundries, etc., were formed by the cooperation of individual artisans and workers; the acquisition of machines and equipment was made possible by their joint guarantee; and since they were able to eliminate the profit item in their estimates, having to reckon only on suitable wage for their own work, they theoretically had a distinct advantage in competing with private industry.

As, however, the cooperation of this kind, with few exceptions, e.g. passenger-transport cooperatives, cooperative kitchens, printing houses

bakehouses, lacked strong financial foundations, they were more severely affected by every setback than was private industry which, in general, had larger capital and credits at its disposal. During the years of prosperity they seldom accumulated funds, as they often followed the relatively short-sighted policy of distributing any profits worthy of mention; profits were thereby turned into dividends, whereas the formation of capital and reserves for rainy days was of rare occurrence. A large number of the smaller cooperatives, especially those seriously affected in their development by the period of disturbances from 1936-39 (goods transport, electro-installation, metal industry, wood-manufacture) suffered severly from the crisis; whereas the big cooperatives policy in good time was able to overcome the critical period without serious setbacks.

Provident Fund Societies[1]

This class is a recent addition to the cooperative movement. Only in 1943 did Provident Fund societies begin to assume the legal cooperative form.

With the improvement of employment conditions in factories, public institutions, etc., the time became ripe for both workers and employers to set-up and contribute regularly to provident funds so as to guarantee old-age compensation or other financial benefits on retirement to the employees.

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[1] Information and figures secured by private letter from the office of the Registrar of Cooperatives, Jerusalem.

Normally the employee would have a certain percentage deducted monthly from his wage or salarly and the employer sould add his share to the Provident Fund, both contributions being credited to the member's account with the society.

The working of the scheme is governed by the Rules of the Society and the arrangement possesses certain similarities of a long term savings scheme. A member may also, under certain conditions obtain a loan from the society for such purposes as building a house or s etting up an auxiliary farm.

From eleven societies in 1943 this class has risen to 183 societies at the end of 1946.

Data referring to 79 societies in 1945 showed that 6840 members have accumulated a total of 632,810 P. pounds in own funds. Out of this amount some 50% were utilized in loans to members and the rest was kept in cash or realizable investments.

X. MISCELLANEOUS INDUSTRIAL COOPERATIVES

The system of cooperatives creates a difficult problem in general Histadruth economic policy. Part of the cooperatives, in particular those successfully conducted, no longer represent the ideal types of collective workers' groups, but are closer to combines of small capitalists, of shareholders whose shares have undergone a considerable rise in value and who demand considerable fees from new members in the form of premium, on the share to be acquired. To make the case worse, this problem has frequently not strengthened the society, but was merely distributed among the members.

Cooperatives of this type have thus departed further and further from the ideal of the purely industrial worker, forming as it were a state within the Histadruth state, a development which is very apparent, especially in the bid urban transport cooperatives.

The picture formed by the industrial cooperative groups of the Histadruth is varied enough, but old experience repeats itself in Palestine, showing that producer cooperatives play but a small part, at least in urban industry. The total capital of this group has, however, risen from 144,000 P. pounds in 1941 to 272,000 P. pounds in 1943, a development caused mainly by wartime exigencies. The standing of the indivitual industrial cooperatives varies greatly in accordance with the situation of our industry in general.

Some of the cooperatives are emergency products. They were formed because private entrepreneurs were no longer in a position to carry on their businesses independently, and were forced to hand them over to

their workers in the favored form of a cooperative society.

In detail, the following cooperatives have been developed:

1. Metal Industry and Electro-Installation; Harash, Barzel, Zohar, Tel-Aviv; Amal, Haifa.
2. Wood Manufactures: Haargaz, Ilan, Tel-Aviv; Carmel, Alonia, Haifa.
3. Building Materials: Madreha, Odei Silikat, Tel-Aviv; Namlit, Haifa. The following cooperatives were liquidated recently: Malben, Aliyah, Habinyan, Tel-Aviv; Hahotzer, Kiryath Anavim; whereas Eshed-Igra, Tel-Aviv, was excluded from the cooperatives' organization.
4. Clothing and Shoes: Atid, Ha'naal, Toove Oreg, Tel-Aviv; Naalei Artzenu, Jerusalem; Gisa, Haifa; Ha'oreg, Tel-Aviv, Ness-Ziona.
5. Printers: Ahduth, Hapoel Hatzair; Tel-Aviv; Ahva, Jerusalem; Oth, Haifa.
6. Bakehouses: Ahduth, Tel-Aviv; Ahduth, Haifa; Lehem, Rishon-le-Zion, Yehuda, Rehoveth, Pat, Petah Tikvah; Heruth, Ramat Gan; Man, Mathanyah.
7. Kitchens: Mitbahel Hapoalim, Tel-Aviv; Missadah Cooperativith, Jerusalem; Mitbhei Hapoalim, Haifa.
8. Various: Harish, Shituf (tractor cooperatives), Hasak (sacks), Levana (laundry), Levanon (ice transport), Karbon (ice delivery), Hadar Hasharon (soap), Goma (paper bags), Haposhet (hides), Neeman (goods clearing, Haifa port); and a barbers' cooperative society.

The system of industrial cooperatives brings the Histadruth face to face with a peculiar problem. These cooperatives were often the

TABLE XIV
MISCELLANEOUS SOCIETIES ON REGISTER
MEMBERSHIP AND RESOURCES
1921 - 1945

Year	Number of Societies on register	Number of Societies included in this table	Number of members	Share capital LP.	Reserves LP.	Loans received and amounts due to creditors LP.	Total resources LP.
1921	-	-	-	-	-	-	-
1922	-	-	-	-	-	-	-
1923	-	-	-	-	-	-	-
1924	1	-	-	-	-	-	-
1925	2	1	16,218	-	941	2,921	3,862
1926	2	1	22,965	-	2,579	3,336	5,915
1927	2	1	22,538	-	3,838	5,547	9,385
1928	2	1	24,869	-	8,455	32,005	40,460
1929	2	1	26,049	-	3,747	26,643	30,390
1930	3	1	28,453	-	5,285	4,328	9,613
1931	4	2	29,060	3,250	11,509	3,951	18,710
1932	5	2	34,390	3,280	12,594	3,641	19,515
1933	5	2	47,318	4,006	14,527	1,851	20,384
1934	7	3	58,513	4,225	24,750	5,623	34,598
1935	8	4	81,465	4,935	37,272	11,311	53,518
1936	8	5	90,036	6,070	51,745	28,023	85,838
1937	10	8	101,063	8,284	80,743	21,640	110,667
1938	9	7	123,176	5,071	102,855	29,783	137,709
1939	9	5	134,607	1,322	116,964	29,289	147,575
1940	9	6	144,838	1,281	151,759	29,098	182,138
1941	8	8	117,891	1,414	175,999	26,630	204,043
1942	14	14	126,819	2,069	177,567	23,713	203,349
1943	25	17	133,561	3,893	238,592	56,480	298,965
1944	25	18	143,421	4,999	352,998	44,336	402,333
1945	24	17	152,913	7,005	407,492	169,008	583,505

Source: "Cooperative Societies in Palestine", Report by the Registrar of Cooperative Societies on Development During the Years 1921-1937, Jerusalem, 1938, p. 133; figures for 1938-1945 were obtained from mimeographed material received from the Registrar of Cooperative Societies, Palestine Government, Jerusalem.

[illegible]

result of a practical union of like-minded employees, trying to make themselves independent with their tiny capital, and entering into competition with private industry by extending the hours of work to their utmost limit. In individual cases, the results were satisfactory, Some cooperatives, on the other hand, have had to be liquidated in the course of recent years; other, again, found themselves in financial difficulties as a result of absolutely insufficient funds; whereas the consolidated types, especially the printer cooperatives, certain kitchens and goods transport cooperatives, were able to hold their own. It was found that cooperatives working entirely on their own initiative had to cope with great difficulties and frequently ended in complete failure, whereas groups organized under a common system, e.g. bakehouses or printers, showed satisfactory results. After eliminating certain unsound members (Merez, Brosh, Shapar, Hamumhe), it was found possible to consolidate somewhat the finances of certain other groups; a certain improvement appears to have been introduced into the system of business conduct in connection with the strengthened activity of the Merkaz Hacooperatzia (Cooperatives' Center), the central control organization of the cooperatives, which also exerts a regulative influence.

The industrial groups work on their own initiative without any uniform system, for the greater part with the aim of securing employment for the members.

New foundations of industrial cooperatives of this type are extraordinarily rare. Apparently the economic development of Histadruth's activity does not run on these lines. The central holding company

Hevrath Ovdim is, as we have mentioned before, less interested in the development of separate cooperatives, i.e. unions of workers as entrepreneurs, than in the formation of enterprises belonging to the Histadruth itself, which represent an important asset item in its balance sheet and which, being instruments of the Histadruth, raise no discussions of an organizational or sociological character such as are inevitable in the case of these cooperatives. This fact is also evidenced by the development of Hamegaper Cooperative Society (rubber factory and tyre-retreading plant) which, as already mentioned has been taken over by Solel Boneh in conjunction with Hamashbir Hamerkazi and the Cooperatives' Fund (Kupath Hacooperativim).

XI. AUDIT UNIONS[1]

Under the Cooperative Societies Ordinance, 1933[2], cooperative societies in Palestine may join together and form an Audit Union which will supervise and audit their accounts and provide cooperative guidance to their activities.

There are now 8 audit unions operating in Palestine which cover nearly all branches of cooperative activity in the country:

1. "Merkaz" Audit Union of credit cooperative societies in Palestine. This audit union comprises some of the biggest credit societies in the country. These are the commonly known in Palestine as "Halvaa Vehisachon" societies which serve mainly the small tradesman and merchant. With this audit union is associated the Zerubavel Bank. Recently this Audit Union has begun to accept into its ranks also middle class housing societies. At present total membership is eighty societies.
2. The Audit Union of consumers societies attached to the Hamashbir Hamerkazi Cooperative Society, audits the accounts and supervises the transactions of 100 consumers societies.
3. The Audit Union of Agricultural Societies attached to Nir Cooperative Society audits the accounts and supervises the transactions of

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[1] Information and figures received by private letter from the office of the Registrar of Cooperatives, Jerusalem.

[2] See Appendix II

350 agricultural societies including collective and small holders settlements, general agricultural societies, marketing societies (Tnuva included), societies engaged in agricultural contracting and housing societies of agricultural laborers.

4. The Audit Union of Housing Societies attached to Shikun Ltd. audits accounts and supervises transactions of 50 housing societies. This audit union was only formed at the end of December, 1937, and it is intended that housing societies in rural areas shall also affiliate with this union in due course.

5. The Audit Union of Co-partnerships of Labor. This audit union is attached to the Histadruth. In addition to the ordinary functions of audit and supervision this audit union also undertakes the task of organizing individual workers into cooperative units, securing for them the necessary machinery and initial capital and generally supervising and regulating their transactions in the early stages of their existence. This union also undertakes the collective purchases of raw materials, cars, oils, etc., for its member societies and negotiates on their behalf for contracts, loans and licences. At the end of 1946 140 societies were affiliated with this union.

6. The Audit Union of Workers' Credit Societies, attached to the Workers' Bank audits the accounts and supervises the transactions of 20 credit and thrift societies.

7. Another recent addition also working under the Histadruth is the Audit Union of Procident Funds which more and more provident funds societies of factory and office workers are joining. Its present membership is

some 150 societies.

8. The eighth Audit Union is the "Bahan" Audit Union of Agricultural Societies in Palestine. Formed druing World War II it now supervises the activities of some 50 societies of the agricultural middle-class sector. These societies are mainly of the general agricultural type combining the functions of supply, marketing and provision of credit to their members who are all small-scale agriculturalists.

Out of the 1400 Jewish cooperative societies in Palestine in 1946 some 940 were affiliated with the eight audit unions. This feature evidently shows the high measure of public supervision established in the Palestinian movement.

XI. COORDINATING COOPERATIVES

Central Institutions[1]

A word must be said about Central Financial Institutions which have served the Cooperative Movement for many years.

The Workers' Bank, Ltd., the central bank of the Histadruth institutions, has reached a high stage of development and now ranks among the most stable financial institutions in the country. At the end of 1945 its capital amounted to 445,000 P. pounds, deposits totaled 2,766,000 P. pounds and loans granted to Workers' Cooperative Societies of all types amounted to 1,450,000 P. pounds.

Nir, Ltd., which is second in importance to the Workers' Bank among the financial institutions of Histadruth, invests its funds mainly in labor cooperative agriculture. In 1945 its share capital and debentures amounted to 869,000 P. pounds and new loans granted during the year totaled 456,000 P. pounds.

The Central Bank for Cooperative Institutions in Palestine, Ltd. was founded in the United States by a group of Zionists interested in the economic development of Palestine. At the end of 1945 its loans to client societies amounted to 532,000 P. pounds and its deposits totaled 726,000 P. pounds.

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[1] I. Avinery and I. Kahanovitz, The Cooperatives' Almanac, Tel-Aviv, 1946, (in Hebrew).

The Anglo-Palestine Bank, which was established by the Zionist organization to serve the banking needs of Palestine, has attained the position of one of the leading banks, opened a Cooperative Department several years ago, which supplies credit for considerable sums to all branches of cooperative activity.

Mention must be made, also, of the important activities of the Cooperative Department of the government of Palestine, headed by the Registrar of Cooperative Societies. This department is supported and advised by a Cooperative Council in which all branches of cooperative activity are represented. The Palestine Cooperative Societies Ordinance, which was amended in 1933 after Mr. Strickland's visit[1], is generally satisfactory and progressive in character, except for certain defects and weaknesses which are now being studies by the Council.

This report has tried to show how many-sided and variegated the Cooperative Movement in Palestine is. It has penetrated into every branch of Palestinian economic life and made itself felt as a vital force.

Under war conditions, cooperative enterprises showed themselves capable of adjustment and their direct contribution to the war effort was considerable, though it might have been greater if their proferred services had been rightly used.

The progress which the movement has made, give a basis for the hope

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[1] See Appendix II

that it will find its true place in the task of rebuilding and development which lies before this strife-torn country in the days to come.

CONCLUSION

The Jewish Cooperative Movement in Palestine is an outstanding feature of the economic and social structure of the Jewish Community. It has not only shown great competance in organizing cooperative societies, but has introduced cooperation into almost every aspect of its life. Cooperation has been widely adopted as the economic form best suited to Jewish colonizing activities over the last thirty years.

Sir John Hope Simpson[1], visiting Palestine in 1930, reported that the Jewish Cooperative Movement had "not only been successfully launched among the Jewish population, but has already become a highly important factor in its daily life. On the whole, societies are extremely well-managed. There can be no doubt that the societies are doing magnificent work and are a valuable asset to both the villages and to the residents of the towns".[2]

The Jewish Cooperative Movement in Palestine has evolved along lines of its own as a result of special economic and political conditions. Palestine, which in all respectes had been backward and neglected for many generations, entered on a chapter of energetic development during the period between the two World Wars.

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[1] Sir John Hope Simpson visited Palestine as a delegate of the British Government.

[2] Cooperation in the Colonies, edited by Dr. Rita Hinden, A Report from a Special Committee to the Fabian Colonial Bureau, George Allen and Unwin, Ltd., London, 1945, p. 96.

Approximately half a million Jewish immigrants entered the country, where they, at that time, constituted more than a third of the total population. They established towns and villages, an intensive agriculture over areas that had been forsaken for ages, numerous branches of industry and handi-crafts, modern transport undertakings, medical and social service institutions, schools and cultural enterprises.

The majority of Jewish immigrants were persons of restricted means. Many has no productive vocation and no previous contact, whatsoever, with agriculture, for their forefathers had for many generations either been engaged in commerce or were small-scale artisans. They arrived in Palestine and found themselves faced with unfamiliar and, by no means easy, conditions. A ravaged soil, a trying climate, marshlands and disease, lack of roads and elementary services, no provisions for health and education in keeping with European standards, a primitive local population with low standards of living - these were some of the difficulties, in addition to his own inexperience which faced the Jewish immigrant. The very process of transition to a new way of life and different form of work meant a great and absorbing effort.

In these circumstances, cooperation based on principles of mutual help and common effort appeared to be the natural solution. It offered a powerful weapon for coping with the complex problems. Moreover, the Jewish pioneer settler had not come to Palestine merely as an immigrant. He was inspired by the great ideal of preventing the reproduction of many evils of the existing economic system.

These two factors provided a great impulse towards the development

of the idea of cooperation. They also account for the independence and individuality of the Jewish cooperation Movement in Palestine, which took on forms of organization differing in many respects from those found elsewhere.

In connection with a quite remarkable "prosperity", especially in transport cooperatives, but to a certain extent also in producer cooperatives, a serious problem has arisen: the employment of paid labor, which entails a violation of the cooperative principle. Here we have a vicious circle: the increase of work had as a natural consequence improved profits and an increase in the value of the cooperatives' shares. New members therefore had to pay considerably more for their shares than those who had joined the cooperative earlier, because the intrinsic value of the capital of such a cooperative had also increased. It is no wonder that, in view of this situation, the idea to employ paid labor instead of taking new members with a right to earn dividends was conceived. It is beyond the scope of this study to enter into a discussion of this problem, which is both a political and, still more, a sociological one. Anyway, one can already observe a certain trend in the development so far; namely, that some transport and industrial cooperatives follow the course of keeping away from trade union's strict control as long as their economic situation is flourishing, and of returning to it in times of crisis. It seems as if the development of transport cooperatives is going in this direction.

Although there were expressed some doubts as to the success of the Palestinian cooperative system in the towns, we can characterize the

rural cooperative system in the Histadruth sector as one of the most interesting achievements in this field, even judging by international standards. The communal settlements representing as they do a rare combination of consumer and producer cooperatives, are a unique phenomenon. Although their achievements so far do not perhaps permit a final verdict, it seems to us that the sceptical attitude of the "experts" has been widely refuted. The latter had "proved" the cooperatives to be unprofitable; they had condemned the underlying ideology as being at variance with facts, and had demanded a cessation of this dangerous experiment. Without dwelling on the social pros and cons of this institution, one must ackhowledge the astonishing success in the sphere of economy which has marked its progress up to the present. A class of workers, for the most part agriculturally inexperienced, has achieved remarkable results, displaying a selflessness constantly admired even by its opponents. The so-called "ideologists" have developed amazing business qualities. The connecting of individual rural cooperatives in central organizations such as Tnuva, Hamashbir Hamerkazi, etc., also deserves recognition.

It is a fact that, especially in agricultural cooperatives, the striving for individual property is no more the decisive incentive for further development. All observations tend to show that the power of the cooperative idea, the attainment of a common aim, creates the same, if not a greater, impulse as the desire for private property and for the well-being of the individual. It must be admitted that from the sociological point of view the cooperative idea, and especially so in the agricultural sector, asks for more sacrifices and self-denial, but the experiment seems so far to have been successful.

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GLOSSARY

Aguda - asociation, society.

Aguda Cooperativit shel Pardessanim - Cooperative Association of Orange-Grove Owners.

Agudat Hacormim Hacooperativit shel Yikveh Rishon LeZion ve Zichron Ya'akov - Cooperative Association of Vineyard Owners in Rishon LeZion and Zichron Ya'akov Vine Cellars.

Arevut hadadit - mutual guarantee.

Brith Hapikuah - Audit Union.

Drom Yehuda - Southern Palestine.

Egged - association.

Even - stone (Even Ltd., a quarry controlled by Solel Boneh).

Even ve'Sid - Stone and Lime.

Golan - North-Eastern part of Palestine.

Hahaklaith - agricultural.

Ha-Histadruth Ha-haklaith shel Ha-ovdim Ha-ivrim be-Eretz-Yisrael - The General Federation of Jewish Labor in Palestine.

Hakesher - connecting, commuting association.

Hamashbir Hamerkazi - The Central Supplier, central purchasing organization of the agricultural labor movement.

Hamashbir Lezarhan - Retail Supplier.

Hamaavir - transporter.

Hamegaper - Tire Recapping Association.

Haopel Hazair - "The Young Workman" - A Jewish labor organization founded in Palestine.

Hatzemer - wool.

Hever - federation.

Heruth - freedom.

Hevrat Ovdim - Workmen's Federation (Labor General Holding Co.).

Ihud Regev - Connecting Furrows - a transport company.

Keren Hayemeth Le-Israel - Jewish National Fund, established 1901, central fund for the purchase of land to be held in national ownership.

Keren Hayesod - Palestine Foundation Fund, central fund for the financing of Jewish settlement in Palestine, established 1920.

Kibbutz - Collective organization, rural communal group in Palestine (pl. Kibbutzim).

Kiryat Hayim - City of Life

Kiryat Amal - City of Work, effort

Kiryat Avoda - City of Work

Kvutza - communal settlement in Palestine (pl., Kvutzoth).

Kvutzat Hachshara - a group of settlers in training.

Kupat Hacooperativim - Cooperative Finance Center.

Kranoth - funds.

Leben - a kind of sour milk.

Mercaz - center.

Misrad - office.

Misrad La-avodoth Ziburioth - Public Works Department.

Misrad Kablani - contracting office.

Moshav Ovdim - Smallholders' cooperative village (pl., Moshvey Ovdim).

Moshava - village run on ordinary capitalistic line (pl., Moshavoth).

Meshek Shitufee - communal estate.

Mishmar Hamifratz - The Bay Watchman - transport company.

Merkaz Hacooperatzia - Central Union of the Workers' Cooperative Productive Societies.

Minal - shoe, shoe company.

Nir - "furrow", financing institute for medium-term agrarian credit.

Nir Hevra Shetufit Lehityashvut Ovdim Ivrim, Ltd., - an agricultural settlement company established by the General Federation of Jewish Labor.

Pardess - orange grove.

Rishon LeZion - pioneer in Zion - name of a Jewish colony in Palestine.

Shemen - Oil, name of a soap company in Haifa.

Shchunat Borochov - workers' quarter named after the leader Borochov.

Shikun - housing project.

Sheurth Hahuleh - transport company serving the Huleh district.

Solel Boneh - "Road Maker-Builder", building guild of Histadruth.

Ta'an - load, a loading company.

Tnuva - "Harvest", an agricultural marketing cooperative,established by the General Federation of Jewish Labor.

Vaad Hapoel - Central Council of the Histadruth.

Yachin - the Palestinian Plantation Contractors' Company of the Histadruth.

APPENDIX I

The Constitution of the Jewish Communal Village

(Standard Rule under the Cooperative Societies Ordinance, 1933)

Section A. Name, Address, Object, Powers, and Affiliations

1. Name and Address:

The name of the Society shall be _____ and its registered office shall be at _____.

2. Objects:

The general objects of the Society are to organize and promote the economic and social interests of its members in accordance with co-operative principles and in particular to:

a. Manage and develop a collective farm;

b. Undertake agricultural or other works outside the settlement whether by contract or on the basis of a fixed wage;

c. Organize various industries in the settlement;

d. Dispose of products of the settlement and purchase its requirements;

e. Maintain a common purse into which all the earnings of their members shall be paid and rom which all their requirements shall be provided;

f. To assist members in raising their economic, cultural and social level by mutual aid, to care for their sick, to support the old and feeble and other persons dependent on deceased members and to maintain and educate the children of the members.

g. To insure in authorized insurance companies against accidents, deaths, illness, or other inflications and to insure the properties of the settlement against fire or other risks and to participate in mutual insurance societies;

h. To supply all the social, cultural and economic requirements in the settlement and to undertake all steps which may be deemed necessary for improving these conditions, and in particular to establish and maintain creches, kindergartens, and schools for the education and bringing up of the children;

i. To establish and maintain in the settlement public instituions and services and generally undertake all activities which are customarily undertaken by village authorities.

3. Powers:

In pursuance of the foregoing objects, the Society shall have and exercise any of the following powers;

a. To acquire and hold in any manner movable and immovable property and rights or easement over such property and to undertake all measures necessary for the establishment of a collective farm;

b. To cultivate and develop any properties so acquired and arrange for the marketing of products and the supply of requirements;

c. To undertake any kind of work outside the farm whether as contractors or as hired laborers;

d. To establish and maintain workshops and plants for the manufacture of members' requirements as well as for purposes of sale outside the farm and to build roads, sink wells, and erect and maintain farm buildings, stores, dwellings, children's creches and other public buildings and generally engage in any undertakings which is conductive to the welfare of their members;

e. To borrow from members and non-members, banks and financial institutions for the purpose of its business and to mortgage its immovable property and charge its movable property as security for loans;

f. To execute, draw, accept, endorse, hand in for collection, discount and issue bills of exchange, promissory notes, cheques, bills of lading and bonds;

g. To join other cooperative societies having similar objects whether for any special purpose or for complete amalgamstion inaccordance with provision of the Law;

h. To enter into agreements with the authorities and obtain licenses, privileges, and concessions which the Society may deem of benefit for its objects, and to use such rights in accordance with its Rules:

i. Subject to the approval of the General Meeting to participate in any economic, financial and commercial undertaking which may benefit the Society.

j. To undertake any other business which the General Meeting may decide is conducive to thw welfare of the members;

k. And generally to do all the things necessary for the fullfillment of the objects of the Society.

4. Affiliations (If any)

The Society is affiliated to _____

Secion B. Conditions Applying to Membership

1. Qualifications for Membership:

a. The members shall consist of:

(1) The persons who join in the application for registration;

(2) Such other persons as may from time be admitted to membership in accordance with these Rules;

b. Every member of the Society shall:

(1) be ordinary resident in _____

(2) be of good character

(3) have completed his 18th year

(4) not be a member of another Kvutza or, if formerly a member of another Kvutza, under no financial obligation to such Kvutza.

2. Application for Membership:

a. Every applicant for admission to membership of the Society including those persons who sign the application for registration shall submit to the Society an undertaking in writing in the following for, or as near to this form as may be convenient:
"I _____ resident at _____ being _____ (state profession) and hiaving been born on _____, hereby apply to be admitted as a member of _____ Co-operative Society, and I undertake, if elected to membership, to comply with the Rules of the Society, the decisions and orders of the General Meeting, of the Committee of Management and of the properly authorized officers of the Society and admit my liability to all obligations and conditions as are described in the said Rules. I moreover agree that the entries in the books of the Society shall be binding upon me in respect of any matter relating to my indebted ness to or my claims from the Society".

b. Every applicant for admission may also be required to sign an undertaking his relations to the Society and his conduct in the form to be prescribed in an appendix to these rules.

3. Admission of Members:

a. The application shall be placed before a meeting of the Committee of Management who by majority of votes of the members present may admit the applicant or reject any applicstion without assigning any reason therefor;

b. No decision of the Committee of Management to admit a member shall be valid unless confirmed by a General meeting by a majority of 2/3 of the members at such meeting;

c. The Committee of Management may require the applicant to serve a period of probation not exceeding one year;

d. An applicant whose application has been rejected by the Committee of Management may appeal to the next General Meeting of members when a vote shall be taken by ballot and, if not less then 2/3 of the members present vote in favor of the admission of the applicant, he shall be admitted forthwith;

e. The provision of a. b. c. above shall not apply to those persons who sign the application for registration.

4. Financial Obligations of Members:

The financial obligations of members are set in Section C of these rules. No members shall be entitled to exercise his rights of membership unless he has paid all amounts due from him to the Society on account of fees, contributions to the capital of the Society or the contributions.

5. Nominees of Members:

Members may appoint nominees as provided in Section 31 of the Co-operative Societies Ordinance, 1933, and in the Cooperative Societies Regulations, 1934, Regulation 8.

6. Termination of Membership:

Membership shall be terminated by:

a. Death

b. Ceasing to reside in _____

c. Withdrawal after giving _____notice in writing to the Committee subject to the conditions in Section D below

d. Permanent insanity

e. Expulsion
provided that the provison of Section 32 and 33 of the Cooperative Societies Ordinance, 1933, shall apply.

7. Expulsion of Members:

A member shall or may be expelled by a 2/3 vote of the membership at a General Meeting, the agenda of

which includes a motion for expulsion, for the following reasons:

a. Conviction of a criminal offense involving dishonesty;

b. If he shall not have fulfilles his obligations to the Society and persistently refuses or neglects to obey the Rules and the decisions of the General Meeting and orders and decisions of the Committee of Management or of the duly authorized officers of the Society.

c. Any action which may be held to be dishonest or prejudicial to the subjects of the Soceity or to the interests of cooperation, provided that:

(1) The members shall be informed in writing by the Committee of Management of the charge brought under this rule against him not less than 30 days before the General Meeting to be convened to consider the charge;

(2) Any reply of the member shall be laid before the General Meeting;

(3) If within 15days of the communication to the member of the charges, he denies the charges and applies for a formal inquiry, a Commission of Inquiry consisting of 3 members appointed as follows, shall hold an inquiry: one member appointed by the Committee of Management, one by the members charged and the 3rd nominated by 2 members. In the vent that 2 members are unable to agree on the nomination of the 3rd member, the nomination shall be made by the central body to which

the Society is affiliated, or in the absence of such affiliation by the Registrar of Cooperative Societies.

Section C. Financial Provisions:

1. Capital:

The Society has no capital.

2. Liability of Members:

Every member shall be liable for the debts of the Society to the extent of _____ and in the case of liquidation shall be included in the debts of the Society.

3. Redemption of Members' Interest:

A person, whose membership has been terminated, shall not be entitled to receive from the Society any payment in respect of his interest in the funds, or assets of the Society except as provided in Section D of these Rules.

4. Financial Year:

The financial year of the Society shall be from_____

5. Balance Sheet and Profit and Loss Account:

The balance sheet and profit and loss account shall be drawn up immediatly upon completion of the financial year in the form provided in the Cooperative Societies (Forms and Retunrs) Regulations, 1934, Regulation 2 (a).

6. Audit:

The balance sheet and profit and loss account shall be audited as provided in Section 20 of the Cooperative Society, Ordinance 1933, in Regulation 5,6 and 7 of the Cooperative Societies, Reg. 1934 and Reg. 2 of the Cooperative Society (Forms and Retunrs) Reg. 1934.

7. Disposal of Profits:

The net profit of the Society shall be appropriated

by resolution of the annual General Meeting subject to the provisions of Sec. 37, 40 and 41 of the Cooperative Society ord. 1933 and Regulation 10 of the Cooperative Society Reg. 1934, provided that not less than 50% shall be appropriated to a Reserve Fund.

8. Reserve Funds:

The Reserve Funds may be invested or may be utilized in developing the business of the Society.

Section D. Special Provisions Relating to the Business of the Society.

1. Power to Borrow:

The Society may receive loans and credits from members and non-members for the development of its business provided that the General Meeting shall fix the mazimum amount of loans and credits which the Society may receive from financial institution and persons with whom the Society has dealings in pursuance of its stated objects.

2. Power to Grant Loans:

The Society does not grant loans to its members.

3. Rights and Duties of Members:

a. The members have equal rights to receive from the common purse of the Society food, drink, clothing, housing and other necessities or maenities of life for themselves and their dependents, provided that the General Meeting may make arrangements through the Society towards the support of members' dependents whether resident in the settlement or not and provided that in cases in which the General Meeting deems fit in the interests of the Society special expenditure may be incurred in the case of any member;

b. Every member is hereby bound to comply with the instructions of the General Meeting of the Committee of Management and authorized officers of the Society and shall carry out any task that may be alloted to him by them;

c. Every member binds himself to pay into the Common Fund of the Society any wages or other remuneration which he may earn while a member of the Society unless the Committee of Management otherwise directs in writing;

d. Notwithstanding anything to the contrary in these Rules, the withdrawal of a member may be deferred by the Committee of Management to the end of the agricultural year, following the date of his notice;

e. A retiring member shall not be entitled to withdrawals of any private belongings or monies delivered by him to the Society at the time of his admission unless such return was provided from in a written agreement between him and the Society;

Secion E. Administration of the Society.

1. General Meeting:

a. The supreme authority shall be vested in the General Meeting of the Society;

b. The annual General Meeting shall be held immediately upon the completion of the annual audit of the accounts of the Society;

c. The 1st General Meeting shall have the same powers as the annual General Meeting, in so far as these powers apply;

d. In an annual General Meeting the business set forth in Reg. 15of the Cooperative Society Reg. 1934, shall be transacted as well as the following buiness:

(1) _____

(2) _____

(3) _____

Any other business included in the agenda.

e. Extraordinary General Meeting may be convened when necessary by the Committee of Management on

its own motion and shall be convened by the Committee of Management within 21 days of the receipt of a written application from the Registrar, or from the Audit Union or any other central organization to which the Society may be affiliated or from _____(other elected bodies of the Society) or from not less than 1/3 of the members of the Society;

f. The notice convening General Meeting, which shall contain the agenda for the meeting, shall be delivered to members not less than _____ days before the date fixed for the meeting;

g. No resolution may be taken on any matter which is not included in the agenda for the meeting;

h. The presence of at least 2/3 of the members shall be necessary for the disposal of any business at a General Meeting provided that, if the foresaid proportions are not present, the business may be disposed of at an adjourned General Meeting, convened not less than 10 days nor more than 30 days after the date of the 1st meeting for the same purpose, by a majority of the members present;

i. Voting at a General Meeting shall, save as provided in Sec. B (d) b, be by show of hands, provided that in cases which not less than 1/10 of the members present so require, the voting shall be by secret ballot. A majority of votes in favor of any resolution shall, save where other-wise provided in the Cooperative Soc. Ord. 1933, the Reg. issued thereunder, or these Rules, suffice to pass such a resolution, and the resolution shall thereupon be binding on all the members of the Soc. whether or not they were present at the meeting or whether or not they voted in favor of the resolution;

j. Every member shall have one vote only and no member shall be entitled to vote by proxy;

k. A chairman shall be elected at each General Meeting, who shall have a casting vote in the case of an equal division of votes;

l. All the business discussed at each General Meeting shall be recorded in aminute book which shall be signed by the Chairman of the meeting at which

the minutes were adopted. The minutes shall include the names of the members present at th e meeting.

2. The Committee of Management:

a. The Committee of Management shall consist of not less than _____ members of the Society, who have completed their 21st year;

b. The members of the Committee of Management shall be elected at the annual General Meeting for the period of 1 year. They shall be eligible for reelection;

c. If a vacancy occurs in the Committee of Management during the course of the year, the person obtaining the next largest number of votes at the previous election shall become a member of the Committee, or, if there is no such person, a General Meeting shall be convened to elect a member. Members appointed under this paragraph shall hold office until the next annual General Meeting;

d. A member of the Committee shall cease to hold office in the circumstances set forth in the Reg. 17 of the Coop. Soc., Reg. 1914, and if he absents himself from _____ consecutive meetings of the Committee, without a reason which is deemed by the Committee to be adequate;

e. Meetings of the Committee of Management shall be held once in every _____ days. The chairman shall on application of two members of the Committee of Management call a special meeting for any urgent business;

f. The members of the Committte of Management shall elect from their number a Chairman and a Treasurer;

g. The attendence of _____ members shall be required for the disposal of any business;

h. Every member of the Committee of Management shall have one vote and, in case of equality of voting, the Chairman shall have a casting vote;

i. The Committee of Management may delegate to any _____ of their members powers jointly to sign documents on behalf of the binding the Society;

j. All business discussed or decided at meeting of the Committee of Management shall be recorded in a minute book which shall be signed by the Chairman of the meeting at which the minutes were adopted;

k. The Committee of Management shall exercise all powers of the Society except those reserved for the General Meeting, subject to any restrictions or conditions duly laid down by the Society in a General Meeting or in those Rules and in particular shall have the powers and duties described hereunder. In their conduct of the affairs of the Society, the Committee of Mangament shall exercise the prudence and diligence of ordinary men and women of business and shall be responsible for any loss due to negligence or through acts contrary to the Law, the Regulations issued under the Law and These Rules:

(1) To observe in al thier transactions the providions of the Law relating to Coop. Soc., the Regulations issued thereunder and These Rules;

(2) To keep true and accurate accounts of all the transactions of the Society;

(3) To maintain correct and up-to-date the prescribed Registers;

(4) To supervise the accounts and sanction expenditure;

(5) To submit to the Registrar in due time the returns required under the Regulations;

(6) To prepare a profit and loss account and balance sheet and after audit to lay these before the annual General Meeting;

(7) To facilitate the additing of the accounts and to give full information

to the Audit Union or auditor as the case may be;

(8) To consider any reports made by the Registrar, or by the Audit Union or auditor and to take necessary action;

(9) To consider applications from new members;

(10) To arrange for the recovery of amounts due to the Society;

(11) To summon General Meeting;

(12) If the Society holds immovable or movable property to provide for the writing off annually from the surplus funds of a sufficient portion of the original cost for depreciation;

(13) To facilitate the inspection of the books by any person authorized to examine them;

(14) To appoint, suspend and dismiss officers and employees and to obtain fidelity guarantees from such officers or employees where they consider desirable;

(15) Subject to the approval of the General Meeting to acquire on behalf of the Society shares in Central Societies;

(16) Through any member, officer, or employee of the Society, or any other person authorized by them, to institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings or claims by or against the Society or Managing Committee or other elected bodies, or the officers or employees concerning the business of the Society;

(17) Generally to carry on the business of the Society.

3. The Secretary:

   a. The Committee of Manatement shall appoint from their members a Secretary;

   b. The Secretary shall be responsible for the conduct of the routine business of the Society and shall perfomr such duties as the Committee of Management shall from time to time prescribe.

4. The Treasurer:

   The Committee of Management shall appoint one of their members to be the Treasurer of the Society, who shall be responsible for the safe custody of all money received by the Society and for the disbursement authorized by the Committee of Management. He shall verify the cash book at least once weekly, certifying it as correct and shall produce the cash balance whenever called upon to do so by the Committee of Management or the Audit Union or Auditor.

5. Chairman;

   The Committee of Management shall appoint from their members a Chairman.

6. Allotment of Duties:

   The Committee of Management shall allot duties to the members of the Society.

7. Accounts Control Committee:

   a. The General Meeting shall elect annually an Accounts Control Committee of _____ members who shall supervise the affairs of the Society and the activities of the Committee of Management; shall verify the accounts and cash balances and shall submit their report to the annual General Meeting or to the extraordinary General Meeting convened at their request;

   b. The members of the Accounts Control Committee shall be members of the Committee of Management. They shall be elected and hold office in the manner prescribed in Rule 2 of Section E above in as far as the conditions set out therein are applicable.

Section F. Miscellaneous:

1. Settlement of Disputes:

All disputes concerning the business of the Society or the interpretation of these rules arising between members and for past members and for persons claiming through them, or between such members, part members or persons claiming through them on the one hand and the Society or the Committee of Management or the officers of the Society in the other hand, shall be referred to a Board of Arbitration appointed in accordance with the provisions of the Law regarding arbitration in force from time to time provided that the Committee of Management amy at its descretion bring actions in courts of Law for recovery of amounts due to the Society by members or past members.

2. Dissolution of the Society:

a. A resolution to dissolve the Society shall only be valid if 3/4 of the members of the Society vote in favor thereof and sign the application referred to in Sec. 46 (1) of the Coop. Societies Ordinance, 1933;

b. In case of dissolution, any amount held by the Society, after satisfying all its liabilities, shall be disposed of as follows: _____.

APPENDIX II

Cooperative Legislation[1]

The cooperative movement in Palestine was officially inaugurated in 1920 with ehe enactment of the Cooperative Societies Ordinance. This Ordinance was passed for two reasons:

1. It was intended to meet an actual demand. Before and during the war a number of credit associations and agricultural marketing and processing organizations were formed by the Jewish population on a cooper tive basis; but those bodies had not existed in Ottoman Law and could neither sue nor be sued in their own name.

2. The Ordinance was passed as one of the many modern laws which the newly created Civil Administration then introduced with a view to provide "an active administration, a developing industry and commerce with the facilities and authority that a body of modern statute laws alone could give."

The Palestine Cooperative Societies Ordinance, though modelled upon the Indian Cooperative Societies Act of 1912, made certain departures calculated to meet the special conditions in Palestine. Some points of departure may conveniently be stated. The Palestine Law differed from its Indian prototype in not contemplating an active and peripatetic Registrar who would take a considerable part in the organization of societies and subsequently in their guidance and inspection, and, if necessary, in their liquidation. The Palestine Law did not provide for

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[1] Report by the Registrar of Cooperative Societies, Government Printing Press, Jerusalme, 1938, pp. 4-9.

Additional amendments were introduced after 1937, but the Palestine Gazette, where the laws are published, could not be secured, for this additional information.

the registration of Central Societies and contained no provisions regarding Audit Unions. The other point of difference was the greater diversity of societies for which the Palestine law provided. While the sodieties chiefly contemplated in the Indian law were those intended to promote agricultural credit and in the second place those aiming at the promotion of industrial credit, recognition could be given under the Palestine law to any society which had as its object the promotion of the economic and financial interests of its members in accordance with cooperative principles. The various objects for which cooperative societies could be fomred were enumerated in detail and they included Cooperative Societies for loans and savings, Saving Banks and Cooperative Banks, Societies for the purchase of raw materials for agricultural and industrial purposes, Societies of Producers for the sale of their produce, Cooperative Stores for the acquisition and use in common of machinery and other implements of production and Cooperative Building Societies for the purpose of building houses or developing city quarters and garden-cities for their members.

Other outstanding provisions which were incorporated in the Palestine law and which influenced the future development of the movement are indicated in the following extract:

1. The High Commissioner was given power to appoint a Regitrar.

2. Any Cooperative Society could be registered with limited or unlimited liability.

3. The area of operation of agricultural societies was limited to a town or village or group of villages. The Registrar was however given power to exempt societies in certain cases from this provision.

4. The maximum amount of participation in any society by individual members was limited to L.P. 500 or one fifth of the total capital.

5. The minimum number of members in any society was fixed at ten individuals.

6. The rules of societies were to be submitted after settlement with the Registrar through the Attorney General to the High Commissioner and when approved by him could be registered by the Registrar.

7. Societies could have associate members who were not to be liable for the debts of the societies and who could be deprived of their voting powers. In addition societies could be registered with other cooperative societies as their members.

8. In societies with unlimited liability every member could have one vote only. In societies with limited liability there was no limitation to the number of votes which a member could have. Members could delegate their votes to proxies who were not members.

9. In societies with unlimited liability a member could transfer his interest in the capital only to another member of the society. In limited liability societies transfer of interest was only restricted by the provisions regarding maximum holding as defined in para. 4. above.

10. The registration of a society rendered it a body corporate with perpetual succession and gave it priority over other creditors (except Government or landlord) in the enforcement of any outstanding demands due to the society from a member or past member. Priority rights of the society were restricted as follows:

    a. In the case of claims in respect of the supply of seed or manure or of a loan of money for the purchase of seed or manure upon the crops or other agricultural produce of such members at any time within 18 months from the date of such supply or loan;

    b. In the case of claims in respect of the supply of cattle, fodder, agricultural or industrial implements or machinery or raw materials for manufacture or of the loan of money for the purchase of any of the foregoing things - upon any such thing so supplied or purchased in whole or in part from any such loan or on any article manufactured from raw materials so supplies.

11. Monies payable by a member under the Ordinance or the Society's rules were made recoverable at law in the appropriate Court, and a society had a charge upon the members' share or interest in the capital or his deposits or profits and could set off any debt.

12. The share of interest of a member in the capital of a registered society was not liable to attachment or sale under any decree or order of a Court.

13. The liability of a past member whether limited or unlimited was to continue for two years and to estate of a deceased member was to remain liable for one year for the debts of a society.

14. A society was debarred from making loans to any person other than its members; it could nevertheless invest its spare funds in Governmnet loans or in any other investement or security approved by the Registrar.

15. Societies could receive term depostis and loans from non-members to an extent prescribed in their rules.

16. After allocation of 25% of its profits to a reserve fund a society with limited liability could distribute the balance among its members without any further resctriction. Unlimited liability societies could not distribute any profits without the special permission of Government.

17. Subject to the sanction of the Registrar societies could distribute the balance among its members without further restriction, as stated above; also, they could distribute 50% of their net profits (after allocations to the reserve fund) to charitable purposes.

18. The Registrar was given power to institute inquiries into the constitution, working and financial conditions and to inspect the books of societies and, subject to an appeal to the Attorney General, to cancel the registration of any society which in his opinion ought to be dissolved.

19. On cancellation of registration the Registrar could appoint any person to act as liquidator. Appeals against orders of a liquidator were to be made to the appropriate Courts.

20. The use of the term "Cooperative"was protected and penalties imposed on persons or bodies using this term when not registered under the Ordinance.

In 1922 the Ordinance was supplemented by Regulations issued by the Registrar dealing particularly with the annual returns to be made to him by all types of cooperative societies.

In 1928 the Cooperative Societies Ordinance 1920 was amended to allow registered societies to obtain future charges on crops. While this was the only amendment between 1920 and 1928, legislation dealing with the following matters applied some of their provisions to cooperative societies;

Certain sections of an Ordinance dealing with the issue of debentures and known as the Debentures Ordinance, 1924, and of an Ordinance dealing with the issue of debentures by Companies known as the Companies Ordinance, 1921-25, were also made applicable to Cooperative Societies. These two last named ordinances have been replaced in 1929 by the Companies Ordinance No. 18 of that year and the provisions of Part V (Debentures, Mortgages and Charges) and of Part VI (Winding-up Procedure) of this new Companies Ordinance were made to apply in part to Cooperative Societies.

The Banking Ordinance of 1921 required Cooperative Credit Societies which accepted deposits on current account from non-members to register separately under that Ordinance and to comply with its provisions.

The Stamp Duties Ordinance of 1924 granted cooperative societies exemption from certain stamp duties.

Subsequent experience in the working of the Cooperative Societies Ordinance revealed the existence of certain defects and incongruities and in 1928 the Government appointed a Committee consisting of two

official and three unofficial members (Mr. Homa of the Colonial Audit, Chairman, Mr. Doukhan of the Lands Department, Dr. Beham, Dr. Smoira and Mr. Viteles members), to consider the operation of the Cooperative Societies Ordinance 1920 and to make recommendations for its amendment. The Committee submitted its report at the end of 1930 at about the same time as Mr. C. F. Strickland (of the I.C.S.) arrived in Palestine, on the invitation of the Government, for the purpose of inquiring into the possibilities of developing a movement among the Arab population of the country. Pending the results of this inquiry Government decided not to make immediate action on the recommendation of the Committee.

Details regarding Mr. Strickland's inquiry and findings appear later in this report. Here it need only be stated that one of his main findings was that if cooperative societies were to be developed among the Arab population and if the defects of the existing movement were to be removed there was not one alternative to an active cooperative policy on the part of Government. For this purpose new Cooperative Legislation was prepared by him, the main features of which were as follows:

1. The Registrar, who was to act as leader and controller of the Arab societies, was given by far larger powers than those conferred on him by the 1920 Ordinance in order to prevent serious mistakes. It was not considered desirable to enact separate Ordinances for the two Communities (Jewish and Arab) and the powers of the Registrar were therefore made applicable to Jewish as well as to Arab societies.

2. In order to leave the Registrar in a position free from obstruction by individual members who were not genuine cooperators, appeals against his orders were to ;lie to the High Commissioner and not to the Court.

3. The proposed Ordinance authorised the registration of Gentral Cooperative Societies for credit, marketing and other purposes,

and secured to markeing societies the validity of contracts made with their members for the delivery and sale of their produce.

4. For the improvement of audit a system of Audit Unions was devised and detailed provisions were made with a view to eliminating some of the defects and undesirable practices of the existing cooperative movement.

5. The new Legislation also contained some very advanced suggestions in matters of marketing rates of interest and privileges to cooperative societies. It provided that in the case in which a society included 75% of a given crop - the High Commissioner was to have powers to enforce the marketing of the remaining 25% through the same channels in order that the market should not be wrecked by a few recalcitrant persons. It suggested that cooperative societies which distribute no dividend on their shares should be released from the statutory limitation of interest at 9%. It further gave powers to the High Commissioner to exempt societies from such taxes, duties and fees as he might think fit.

This new ligislation appeared in the form of a draft bill in June 1933, As a result of criticism from existing societies and other sources this draft bill was amended in reference to the suggestions enumerated in para. 5. above and a new draft bill was published in October, 1933. This last bill, furtheramended in some details, was finally enacted in December, 1933 under the title of the Cooperative Societies Ordinance, 1933. Regulations by the High Commissioner and by the Registrar under this Ordinance were published in January, 1934. The new legislation replaced the Cooperative Societies Ordinance of 1920, the Cooperative Societies Ordinance of 1928 and the Regulations issued in 1922. It followed in many respects the provisions of the previous Ordinances but a number of new provisions were incorporated from Indian and other legislation. The main changes and innovations introduced are indicated below:

1. The Ordinance defines the functions of Audit Union, Central

Societies and Central Financing Societies and authorizes their registration. The objects for which societies may be formed are defined in general terms. They are "the promotion of thrift, self help and mutual aid among persons with common economic needs so as to bring about better living, better business and better methods of production". Central Societies may be formed for the purpose of facilitating operations of primary societies.

2. Powers agre given to the High Commissioner to appoint a Registrar for the whole or for part of Palestine and to appoint persons to assist such Registrar.

3. Except in the case of credit societies no limitations are made as regards the areas of operation of societies. In the case of credit societies the area is limited to a town, a village or a group of villages - save where the society serves members of the same class or occupation.

4. The interest of individual members in the capital of societies may not excedd one fifth of the capital.

5. The minimum number of members in primary societies is fixed at severn.

6. The rules of societies are to be approved by the Registrar who has full discretion to register a society or to refuse registration.

7. Where societies adopt model rules no registration fee is payable; in other cases the fee is fixed at $16.

8. All members have equal rights and are entitled to one vote only. Additional votes, based on patronage, may be given in consumers, agricultural, purchase or service or sale societies. The total number of votes of any member may not exceed 1/20 of the total.

9. The right to appoint a proxy is given to members absent abroad and to societies members in other societies.

10. The interest of a member in the capital of a society is not transferable.

11. The books of every society must be audited at least once in each year either by an audit union or by a public auditor or by an officer of the Registrar's department.

12. Societies may take powers in their rules to fine members. Any fine so imposed is considered a debt due from the member to the society.

13. Money payable or due by a member to a society under the Ordinance, or the society's rules, or in connection with its business are debts due to the society and the society can obtain a provisional execution order against such member by producing a certificate of claim to the execution authorities. The society has a first charge upon the share or interest in the capital and on the deposits of such member and may set off any sum credited or payable to him in or towards payments of any such debt. The share or interest of a memger in the capital of a society are otherwise not liable to attachment or sale under any decree or order of a Court of Justice in respect of any debt or liability incurred by such member, nor can a receiver in insolvency take over or have a claim on such share or interest.

14. Societies are given power to obtain from their members charges on crops or agricultural products, timber, animals, fodder, agricultural or industrial implements, machinery, raw materials and stock in trade - whether at the date when such charge is created the property comprised in the charge is or is not in existence, or is or is not acquired by the persons giving the charge.

    The creation of such a charge constitutes a first charge and security in favor of the society but it is not valid against Government claims in respect of taxes, a landlord's claims in respect of rent, the claims of a bona fide purchaser without notive or the claims or a prior mortgagee or encumbrancer.

    Societies are empowered to assign such charges in other bodies or persons. Societies are also empowered to create charges on their own property even though the subject matter of the charge which is given as security is not in existence, is not acquired, or is not capable of delivery at the time the security is given.

15. Societies may either in their rules or in separate documents contract with their members that they shall dispose of all their produce or of such amount or descriptions as may be stated there in to or through the society for a stated period, and may in any such contract provide for payment of a specific sum per unit of weight or measure as liquidated damages for infringement of the contract, and such sum shall be a debt due to the society.

16. Societies can only lend to their own members except that with the general or special sanction of the Registrar one society may make loans to another society.

17. Every Society, which does or can derive a surplus from its transactions, must maintain a reserve fund. Credit societies and societies of producers must carry at least 25% and other

societies at least 10% of their surplus to the reserve fund. The reserve fund is indivisible except in the case of liquidation. It may be used in the business of the society.

18. A dividend not exceeding 6% may be paid by a society with limited liability after the reserve fund is equal to its share capital and after all claims by depositors or lenders have been satisfied or other wise provided for. The Registrar may in certain cased direct that a society shall not pay a dividend or shall pay dividends at a reduced rate. Societies with unlimited liability are debarred from the distribution of dividends.

19. Societies may establish provident funds for their members and may contribute to such provident funds from their surplus.

20. The liquidation of societies is placed under the complete control of the Registrar and no society may be wound up or liquidated save by his orders. Appeals against the orders of the Registrar lie to the High Commissioner.

21. In the case of liquidation, the Registrar can examine into the conduct of officers of societies and make orders requiring them to repay or restore any monies or properties misapplied or retained by them. The Registrar may also order the providional attachment of property of such persons or of any member and such attachment shall have the same effect as if it had been made by a competent Civil Court.

22. Societies may by their rules provide for the settlement of disputes touching their business by reference to the Registrar. In such cases the Registrar's decision shall have the force of a judgment of a District Court which is not subject to appeal and shall be executed in like manner.

23. Societies wishing to include in their name the term Bank or any of its derivatives and societies carrying on insurance business must also register under the Companies Ordinance. The provisions of the Companies Ordinance also apply to the registration of debentures, mortgages and charges, to the winding up of societies where the official Receiver by virtue of his office acts as provisional liquidator, to applications for the sanction of a compromise and to the method of removal of defunct societies from the Register.

24. Societies carrying on banking business must comply with the provisions of the Banking Ordinance, 1921.

25. The High Commissioner has powers to exempt societies from any

of the provisions of the Ordinance. The Registrar also may grant temporary exemptions.

26. The High Commissioner and the Registrar have powers to make regulations to carry out the purposes of the Ordinance.

27. With the approval of the Registrar societies may amalgamate with each other or may transfer their assets to each other without dissolution, subject to their compliance with a certain procedure.

The Cooperative Societies Ordinance 1933 has since been further amended in 1935 and again in 1936 with reference to the working of the provisions dealing with the creation and registration of charges. The amendments enlarge the itmes which a member may charge to his society so as to include marine produce, fishing implements, boats, tackle and nets and generally all produce of labor and things used in connection with production. Societies are given power to charge movable and immovable property in possession or in action, present or future, including their unpaid share capital and good-will, by way of security, by the issue debentures. In 1937 the Cooperative Societies Ordinance was amwnded with a view to providing for the exemption of societies carrying on insurance of a non-profit making nature from the requirements of depostis which apply to Insurance Companies.